THE CITY OF SAN DIEGO

FY 2017-2021

Five-Year Financial Outlook
November 13, 2015

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Executive Summary

The City of San Diego (City) Fiscal Year (FY) 2017-2021 Five-Year Financial Outlook (Outlook) guides long-range fiscal planning and serves as the framework for the development of the FY 2017 Adopted Budget. This is the eleventh Outlook the City has published since November 2006 and incorporates projected General Fund revenues and information on the methodology and basis for those projections, and priority appropriation needs in General Fund departments over the next five fiscal years. This Outlook focuses on priority initiatives for the coming fiscal years and additional information on departmental requests submitted to support those initiatives during the development of the Outlook. This document is not a budget, and therefore does not include all departmental requests that may be identified and considered in the preparation of the FY 2017 or future budgets.

Overall, the FY 2017-2021 Outlook forecasts revenues to continue to modestly improve. Major General Fund revenues are anticipated to increase in each year of the Outlook; however, the rate of increase is projected to slow in the outer years returning to more stable and moderate growth levels. The Outlook also projects increases in nearly all expenditure categories which includes the allocation of new resources to priority initiatives with an emphasis on investments in infrastructure and neighborhood services which is projected to more than double during the Outlook period.

The priority initiatives identified in the Outlook are: 1) Infrastructure and Neighborhood Investment; 2) Public Safety; 3) Technology Improvements, and; 4) Customer Service and Open Government. Priority departmental submissions for future budgetary consideration have been grouped in these categories for the FY 2017 budget and future years.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2016. This Outlook provides the City Council and the public information in advance of the budget meetings to facilitate an informed discussion during development of the FY 2017 Adopted Budget. The Outlook is a planning tool to assist in budget decisions and to assist in the allocation of limited General Fund resources required to meet the service needs of the residents of San Diego.

Forecast and Report Overview

The City's General Fund is the focus of the FY 2017-2021 Five-Year Financial Outlook. The Outlook forecasts General Fund revenues and expenditures for five fiscal years beginning in FY 2017 and is divided into three distinct sections: Baseline Projections, Priority Initiatives, and Reserves. In preparation for this report, City departments submitted a total of $929.5 million in both operating and capital expenditure requests over the next five fiscal years. These department submissions were classified into the following four priority initiative categories:

- Infrastructure and Neighborhood Investment;
- Public Safety;
- Technology Improvements, and;
- Customer Service and Open Government.

The priority initiative categories support the City's continued commitment to prudent financial management practices while investing in the City's infrastructure, neighborhoods, and public safety. Not all future capital projects have been included in the Outlook because the General Fund is the primary operating fund for the City and is not intended to be the main source of funding for the City's Capital Improvement Program (CIP). Examples of the other major funding sources for the City's CIP include Capital Outlay (which is General Fund land sales restricted by City Charter for permanent public improvements), developer fees, Transnet, Water and Wastewater to name a few. While the General Fund is not a primary funding source of the City's CIP, this Outlook demonstrates the Mayor's continued commitment to improving the City's Infrastructure and Neighborhood Services by increasing General Fund contributions to the City's CIP. For those items not included in the baseline projections or priority initiative sections, a separate list has been included as Attachment 3: FY 2017-2021 Not Included Operational and Capital Needs.

Baseline Projections

The baseline projections section of the Outlook primarily consists of the City's projections for the next five years for the General Fund's ongoing revenues and expenditures, as displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook. The baseline projections section includes revenue and expenditure adjustments necessary to support current service levels provided by the City. The FY 2016 Adopted Budget, with one-time revenues and expenditures removed, serves as the starting point for the Baseline Projections. One-time revenues and expenditures that have been removed from the Baseline Projections are detailed in Attachment 2: FY 2016 Adopted Budget – One-time Revenues and Expenditures.

Considering the baseline projections, growth in ongoing revenues is anticipated to outpace growth in ongoing expenditures. This structurally balanced projection is largely the result of several years of disciplined budgetary decisions by the Mayor and City Council. The FY 2016 Adopted Budget continued the City's prudent financial management policies while increasing funding for infrastructure, neighborhood services, and improving public safety. The FY 2017-2021 Outlook maintains a strong commitment to fiscal discipline by allocating projected baseline surpluses toward priority needs during the Outlook period. Table 1 displays the City's FY 2017-2021 baseline projections for General Fund revenues and expenditures and surplus available for the priority initiatives discussed in the following section.

($ in millions)

TABLE 1: BASELINE PROJECTIONS	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Baseline General Fund Revenues	$ 1,309.1	$ 1,356.2	$ 1,406.0	$ 1,455.7	$ 1,501.9
Baseline General Fund Expenditures	$ 1,260.0	$ 1,278.4	$ 1,292.3	$ 1,306.2	$ 1,317.0
BASELINE PROJECTED REVENUES IN EXCESS OF EXPENDITURES	**$ 49.1**	**$ 77.9**	**$ 113.8**	**$ 149.5**	**$ 184.9**

Priority Initiatives

The four priority initiative's are the focus of the Outlook and reinforce the City's commitment to allocating limited future resources to investments in infrastructure, neighborhoods, public safety, technology improvements, and customer service and open government priorities. The Outlook also ensures the City continues to adhere to prudent financial management practices and maintains a structurally balanced operation projected over the long term. The priority initiative categories identify revenues and expenditures for programs and services that are in excess of the General Fund's ongoing revenues and expenditures included in the FY 2017-2021 baseline projections. The priority initiative categories identified are as follows:

- Infrastructure and Neighborhood Investment;
- Public Safety;
- Technology Improvements, and;
- Customer Service and Open Government.

The following table displays the total revenue and expenditures identified for the priority initiatives and the impact on the City's FY 2017-2021 Outlook baseline projections surplus shown in Table 1 above.

($ in millions)

TABLE 2: PRIORITY INITIATIVES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
BASELINE PROJECTED REVENUES IN EXCESS OF EXPENDITURES	**$ 49.1**	**$ 77.9**	**$ 113.8**	**$ 149.5**	**$ 184.9**
Priority Initiative Revenues	$ 2.0	$ 2.1	$ 1.5	$ 1.6	$ 1.6
Priority Initiative Expenditures	$ 50.8	$ 72.1	$ 90.2	$ 104.7	$ 112.8
NET PROJECTED REVENUES IN EXCESS OF EXPENDITURES	**$ 0.2**	**$ 7.9**	**$ 25.1**	**$ 46.4**	**$ 73.7**

As displayed in Table 2, the FY 2017-2021 baseline surplus projections allow for significant investments in the priority initiatives. The following table displays the revenue and expenditure amounts identified for each of the four priority initiative categories.

($ in millions)

TABLE 3: PRIORITY INITIATIVES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Infrastructure and Neighborhood Investment					
Revenue	$ 1.3	$ 1.5	$ 0.9	$ 1.0	$ 1.0
Expense	$ 41.6	$ 53.6	$ 76.4	$ 86.8	$ 94.0
Public Safety					
Revenue	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2
Expense	$ 4.9	$ 13.4	$ 9.8	$ 14.6	$ 16.1
Technology Improvements					
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 3.0	$ 3.7	$ 2.5	$ 2.2	$ 1.9
Customer Service and Open Government					
Revenue	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4
Expense	$ 1.3	$ 1.4	$ 1.4	$ 1.1	$ 0.8
Total Revenue	**$ 2.0**	**$ 2.1**	**$ 1.5**	**$ 1.6**	**$ 1.6**
Total Expense	**$ 50.8**	**$ 72.1**	**$ 90.2**	**$ 104.7**	**$ 112.8**

As displayed above in Table 3, the Infrastructure and Neighborhood Investment and Public Safety categories are the primary recipients of projected revenue growth during the FY 2017-2021 Outlook period. The Infrastructure and Neighborhood Investment category includes allocations for streets, sidewalks, storm water, park and recreation facilities, and libraries, and demonstrates the Mayor's pledge of dedicating at least 50 percent of new major revenue growth to investments in infrastructure. Table 4, New Major General Fund Revenues, displays the annual amount of new major revenue growth projected in each year of the Outlook and the infrastructure projects identified for expenditure within the Infrastructure and Neighborhood Investment Priority Initiative category. Detailed descriptions of the new major General Fund revenue growth can be found in the baseline projection section of this report, while detailed descriptions of each of the infrastructure projects can be found in the priority initiatives section.

($ in millions)

TABLE 4: NEW MAJOR GENERAL FUND REVENUES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
TOTAL NEW MAJOR GENERAL FUND REVENUES[1]	**$ 31.2**	**$ 43.7**	**$ 39.9**	**$ 39.5**	**$ 34.0**
50% OF NEW MAJOR GENERAL FUND REVENUES TO FUND INFRASTRUCTURE	**$ 15.6**	**$ 21.8**	**$ 20.0**	**$ 19.8**	**$ 17.0**

PRIORITY INITIATIVE EXPENDITURES FOR INFRASTRUCTURE	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Industry Standard/CIP Infrastructure Maintenance	$ 2.2	$ 4.0	$ 5.7	$ 7.5	$ 9.3
Infrastructure Asset Management (IAM)	$ 7.0	$ 3.5	$ -	$ -	$ -
Compressed Natural Gas Fueling Station	$ 0.6	$ 0.4	$ 0.2	$ (0.2)	$ (0.3)
Playground Outlay and Rubberized Surfacing	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2
Pershing Joint Use Synthetic Turf Replacement	$ 0.5	$ 0.7	$ -	$ -	$ -
Storm Water-Flood Risk Management	$ 2.3	$ 2.8	$ 2.5	$ 2.3	$ 2.3
Storm Water-Water Quality Projects	$ 0.4	$ 0.6	$ 0.7	$ 0.7	$ 0.7
Streets, Sidewalks, and Active & Other Transportation	$ 6.2	$ 10.3	$ 20.5	$ 22.0	$ 27.9
Police Headquarters Facility Improvements & Feasibility Study	$ 0.3	$ 2.5	$ -	$ -	$ -
TOTAL PRIORITY INITIATIVE EXPENDITURES FOR INFRASTRUCTURE	**$ 19.7**	**$ 24.9**	**$ 29.8**	**$ 32.5**	**$ 40.0**

1. New major General Fund revenues include increases in Property Tax, Sales Tax, Transient Occupancy Tax (TOT), and Franchise Fees.

Table 4 demonstrates the Mayor's commitment to allocating at least 50 percent of new major revenue growth to infrastructure. In FY 2017, the largest projected allocations towards infrastructure include the Infrastructure Management Project (IAM), Storm Water projects, and Streets, Sidewalks, and Other Transportation projects. In FY 2018 through FY 2021 the allocations to infrastructure continue to grow, even as major revenue growth stabilizes.

The Public Safety Priority Initiative continues to be an essential focus of the FY 2017-2021 Outlook. Revenue growth allocated to this initiative will improve public safety services in all communities by funding additional civilian and sworn positions, safety equipment for officers, financing for the new Computer-Aided Dispatch System and also proposes funding for critical capital facility improvements for the Police Department. The Police capital requests were a few of the capital needs selected for inclusion in the Outlook from limited General Fund resources, which as stated earlier, are typically not allocated for capital improvements. The Fire-Rescue Department funding will support an increase in academies and staff and equipment needed for new fire station facilities. In addition to increases for infrastructure, neighborhoods, and public safety, the Customer Service and Open Government initiative focuses on improving transparency by increasing the ease of public access to City information, records, and online resources. The Technology Improvements Priority Initiative upgrades the City's technology to improve operational efficiencies and increase resource allocations to enhance cyber security.

Not all department requests submitted in the preparation of the Outlook are included in the priority initiatives of the FY 2017-2021 Outlook. Those requests submitted by departments not listed in the initiatives are detailed in Attachment 3: FY 2017-2021 Not Included Operational and Capital Needs. While items categorized as "Not Included" are separate from the FY 2017-2021 Outlook projections, the estimated future financial impact of these programs and projects are provided to present a complete picture of General Fund department requests. As mentioned earlier, the primary reason for requested items not being incorporated into the Outlook were those of a capital nature. The capital projects will be addressed in the Multi-Year CIP report and the funding will be discussed in detail in that report which is scheduled to be released in early December, 2015. Additionally, requests were not included if deemed discretionary and not directly tied to a priority initiative. Departments were encouraged to submit these discretionary items for consideration as part of the FY 2017 Proposed Budget process if department management still deemed the expenditure to be necessary for operations.

Reserves

The City's Reserve Policy (Council Policy 100-20) documents the City's approach to establishing and maintaining strong reserves across the spectrum of City operations, including the General Fund and risk management. The reserves section of the FY 2017-2021 Outlook primarily focuses on the reserves of the General Fund, but also discusses the reserves of the Public Liability Fund, Workers' Compensation Fund, and Long-Term Disability Fund. The City's Reserve Policy establishes funding targets for each of these funds and all reserve targets are projected to be met during the Outlook period.

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Baseline Projections

The baseline projections section is divided into two main components: General Fund revenues and General Fund expenditures. The General Fund revenues section is then further divided by revenue category while the General Fund expenditures section is divided by both personnel and non-personnel expenditure categories, as displayed in the baseline projections section of Attachment 1: FY 2017-2021 Five-Year Financial Outlook.

It is important that the reader carefully review the narrative descriptions of the risks and possible variances in revenue and expenditure projections to understand the bottom line estimated surpluses displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook.

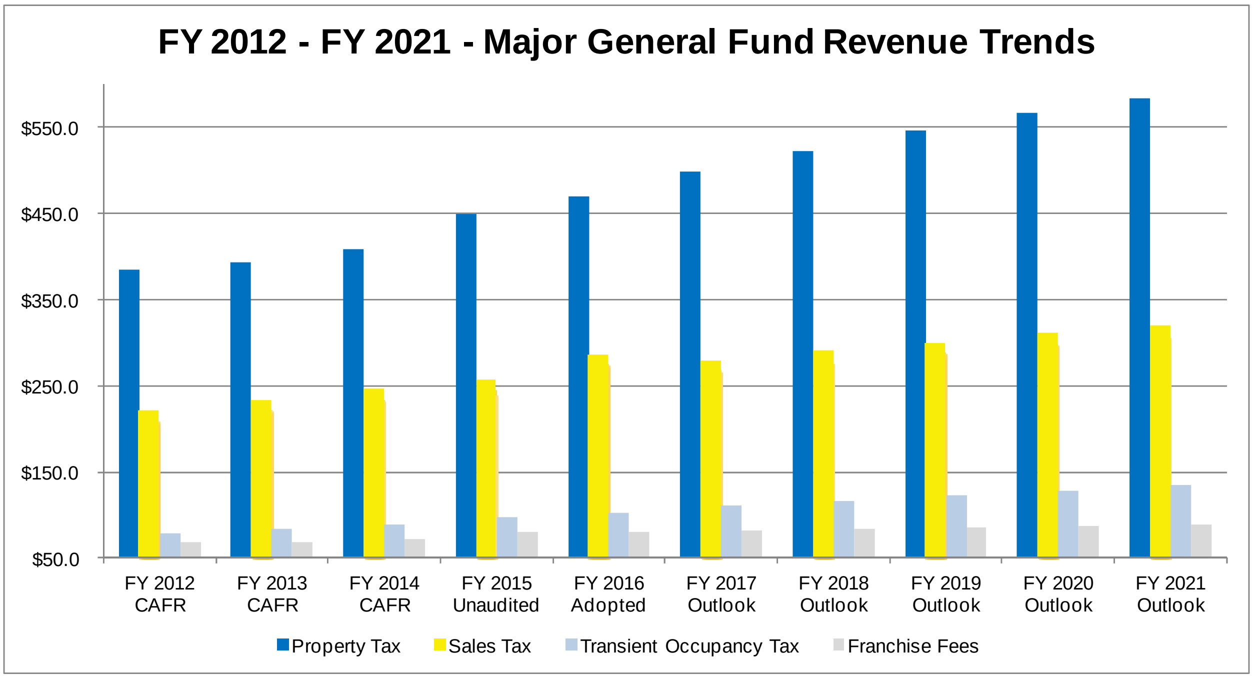
General Fund Revenues

The following section provides details of the City of San Diego's FY 2017-2021 Five-Year Financial Outlook revenue projections. This section discusses each of the General Fund revenue categories displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook. The details provided for each revenue category include a description of the revenue source, the economic indicators affecting the revenue source, the projected growth rates, and any potential risks that may cause actual revenue receipts to vary from the projection.

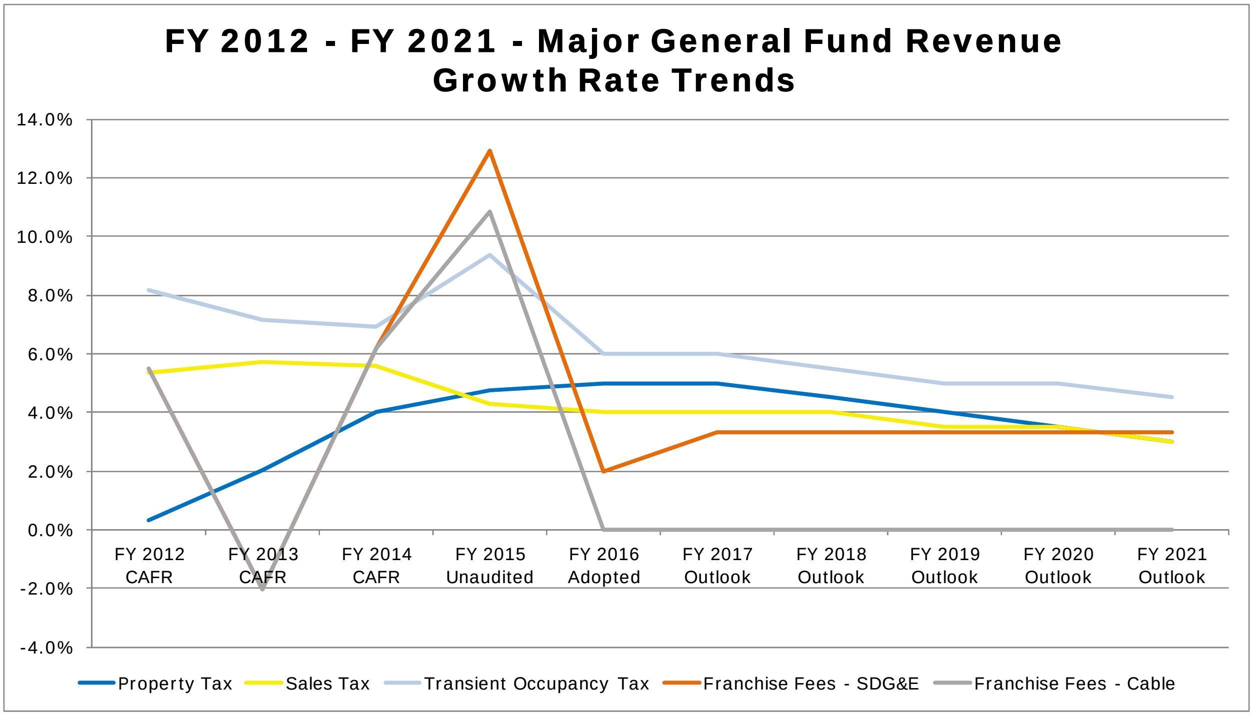
It should be noted that in addition to growth rate percentages applied in each of the revenue categories, other adjustments have been included based on known and anticipated events that are detailed within each category. To assist in evaluating potential risks to revenue projections, each of the major General Fund revenue sections include a projection based on current and alternative assumptions. The alternative assumption projections quantify the impacts of potential risks or uncertainties for each of the major revenue sources.

In the FY 2016 Adopted Budget, the City's four major revenues sources, Property tTax, Sales Tax, Transient Occupancy tax , and Franchise Fees, made up 73.2 percent of the budgeted General Fund revenue. All four major revenue sources are projected to increase through the Outlook period; however, the rate of increase is expected to slow in the outer years. This overall expectation and projection for the City's revenues is consistent with information received from the City's sales tax and property tax consultant (HdL Companies), the San Diego Tourism Authority, and the UCLA Anderson Forecast. In addition to the major revenue projections, the baseline projections for the General Fund's other departmental revenue sources are based on various economic assumptions, known and anticipated events, and historical trend analysis.

The following graph displays the growth trend in receipts for the City's four major General Fund revenue sources: Property Tax, Sales Tax, Transient Occupancy Tax (TOT), and Franchise Fees. The revenue trends reflect audited actuals from FY 2012-2014, unaudited actuals for FY 2015, the FY 2016 Adopted Budget, and a forecast for the FY 2017-2021 Outlook period.



In addition, the graph below displays the growth rate trend for the City's major General Fund revenue sources. Although still positive, suppressed growth rates during the FY 2017-2021 Outlook period reflect slowing growth as the economy stabilizes in anticipation of a potential rise in federal interest rates, which may soften long-term financing and slow the economy. Furthermore, other possible impacts to General Fund major revenues include slowing in the rate of growth in consumer spending and travel. While all major revenues are projected to improve each year of the Outlook, the City's consultants and major economic indicators all point to this stabilization in the economy.



Property Tax

Property tax is the City's largest revenue source and includes several components. The primary component of the property tax category is the 1.0 percent levy on the assessed value of all real property within the City limits. The property tax category also includes the Motor Vehicle License Fee (MVLF) backfill payment, which is a result of MVLF being reduced from 2.0 percent to 0.65 percent in 2005. Additionally, the category includes pass-through and residual property tax payments as a result of the dissolution of Redevelopment Agencies (RDA) statewide. The FY 2017 projection for the property tax category is $498.3 million, a $28.2 million increase over the FY 2016 Adopted Budget of $470.1 million. The following table shows the forecast for FY 2017 through FY 2021 for the property tax category.

($ in millions)

Property Tax	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate	5.0%	5.0%	4.5%	4.0%	3.5%	3.0%
Projection	$ 470.1	$ 498.3	$ 523.1	$ 545.7	$ 566.8	$ 584.2

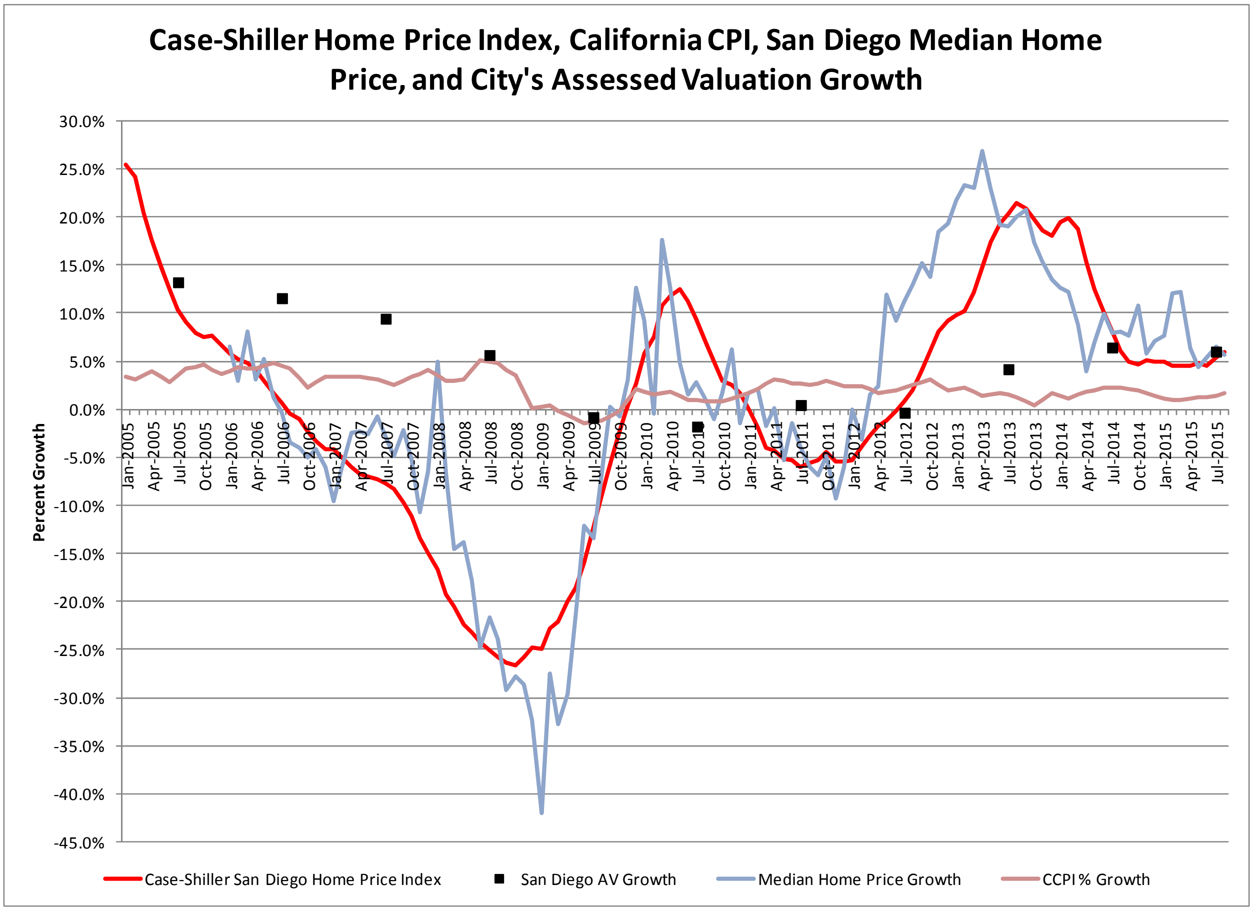
The major factors influencing property tax revenue are the California Consumer Price Index (CCPI), home sales, home price, and foreclosures. The CCPI drives assessed valuation under Proposition 13. Proposition 13 specifies that a property's value may increase at the rate of the CCPI, but cannot exceed 2.0 percent per year unless the property is improved or sold to establish a new assessed value.

The San Diego County Assessor's Office uses the October CCPI to assess property values under Proposition 13. However, at the time of preparing this report, the October CCPI has not been released. The latest CCPI released by the California Department of Finance was 251.253 for the month of August, a 1.6 percent increase over the August CCPI of 247.259. Assuming the CCPI holds constant, the assessed valuation of properties not improved or sold will increase by approximately 1.6 percent, below the 2.0 percent threshold, for FY 2017.

The City of San Diego has experienced positive growth in home prices, with an increase of 5.7 percent in the median home price from August 2014 to August 2015, while year-to-date home sales have increased 7.7 percent over the same time period.

- Based on property sales that have occurred as of August 2015 and an approximate 1.6 percent increase in the CCPI, it is estimated the City's assessed valuation will see a positive increase in assessed valuation for FY 2017
- In addition to positive home price growth in the City, there are year-to-date declines of 9.9 percent in notices of default and declines of 15.0 percent in foreclosures in the County of San Diego as of September 2015
- The Case-Shiller home price index as of August 2015 is 215.4, a 5.9 percent increase over the August 2014 index of 203.32

The Case-Shiller graph on the next page displays the correlation of several economic factors described above since calendar year 2005 and the resulting impact on the City's assessed valuation. The graph shows that while the Case-Shiller Home Price Index and median home price has fluctuated significantly over the years, the CCPI has remained relatively stable. As CCPI is the main driver of the change in the City's assessed valuation, the stability in this indicator has allowed the annual change in assessed valuation to remain steadier than the Case-Shiller Home Price Index and the local median home price. Finally, the graph displays the lag of approximately 12-18 months between activity in the local real estate market and the resulting impact on the City's assessed valuation.



Other factors to consider in developing a revenue projection for property tax include mortgage rates and property tax refunds. Over the past year, interest rates have remained relatively level as the economy continues to improve. Also, there has been sustained growth in the number of homes sold and increases in the median home price experienced through the third quarter of calendar year 2015. While property tax revenue growth is expected to remain positive throughout the Outlook period, property tax growth is anticipated to return to more normal levels of growth in outer years. Additionally, as the economy has continued to improve, fewer property owners have requested reassessments, which has led to lower property tax refunds and an increase to the City's overall property tax receipts.

In addition to the 1.0 percent levy and the MVLF backfill payment, the projection reflects additional property tax revenue as a result of rescinding the suspension of the City's receipt of revenues from the City Heights Redevelopment Project Area. City Heights 33676 revenues are no longer needed to support the debt service on previously issued bonds due to the strong growth in property values within the project area. There is no longer an economic need for the City to forego its right to the revenues; therefore, the City has requested the County Auditor-Controller reinstate its entitlement to receive the ongoing revenues as authorized by Health and Safety Code, section 33676 and Resolution No. R-279727. This revenue is projected at $1.1 million in FY 2017 and increases to $1.3 million in FY 2021. As of the issuance of this report, the County has not yet implemented the City's rescission of the suspension of this revenue.

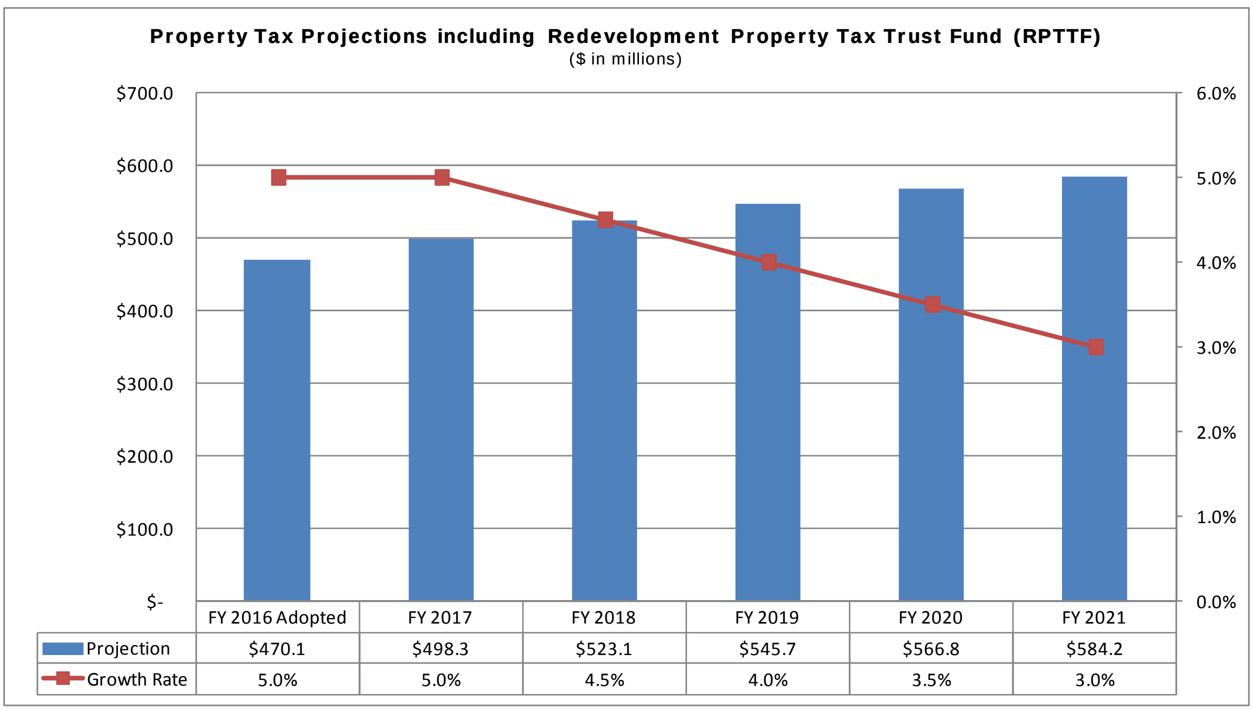
Additionally, as a result of the dissolution of the Redevelopment Agencies (RDA), pass–through and residual property tax payments to the City from the Redevelopment Property Tax Trust Fund (RPTTF) are included in the property tax forecast. These payments are difficult to predict on various factors described below. Pass-through payments are agreements between former redevelopment areas and the local entities to provide payments from the RPTTF deposits to local entities. The residual property tax payment is the City's proportionate share of funds remaining in the RPTTF after the Recognized Obligation Payment Schedule (ROPS) requirements have been met. The forecasted RPTTF residual payment considers the approval of State Bill 107 (SB 107) in its projection. SB 107 streamlines and modifies various aspects of the statewide redevelopment wind-down process. As a result, the bill allows enforceable obligations previously denied by the California Department of Finance (DOF) to be placed on the ROPS for reconsideration. If approved, the enforceable obligations will increase, leading to a decrease in the RPTTF residual balance available for distribution to local entities. The increase in enforceable obligations lowers the City's RPTTF residual payment in the early years of the Outlook period, but residual payments are projected to gradually increase as the enforceable obligations are paid down.

An example of the impact of SB 107, in the final determination letter for ROPS 13-14A (Fiscal Year 2014), the DOF invalidated the NTC Section 108 Loan Agreement between the City and the former Redevelopment Agency (RDA) and denied the use of redevelopment funds to repay the $6.2 million owed to the City. The NTC Section 108 Loan Agreement memorialized the Former RDA's preexisting obligation, as of early 2011, to repay the outstanding balance of the Section 108 Loan issued by the U.S. Department of Housing and Urban Development (HUD) in 2004. This was a response to an application submitted by the City and the Former RDA related to the rehabilitation of several historic buildings in the Naval Training Center Redevelopment Project Area. The invalidation of the agreement places the responsibility of repaying HUD the outstanding $6.2 million balance of the Section 108 Loan on the City's General Fund. However, SB 107 reverses the DOF's invalidation of the NTC Section 108 Loan Agreement and the item is now being placed on the latest ROPS for reconsideration from the DOF to use RPTTF funds to pay the outstanding balance.

The following table and graph provides details on the components of the FY 2016 Adopted Budget for property tax and the forecasted property tax revenue for FY 2017 through FY 2021. It should be noted that the base used in projecting property tax revenues for FY 2017 through FY 2021 has been modified from the FY 2016 Adopted Budget due to the actual increase in assessed value exceeding the budgeted amount. The FY 2016 Adopted Budget assumed a property tax growth rate of 5.0 percent; however, the actual increase in assessed value for FY 2016 was 6.1 percent.

($ in millions)

Fiscal Year	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate	5.0%	5.0%	4.5%	4.0%	3.5%	3.0%
1% Property Tax	$ 331.3	$ 349.3	$ 364.7	$ 379.1	$ 392.2	$ 403.9
MVLF Backfill	$ 121.1	$ 128.4	$ 134.2	$ 139.5	$ 144.4	$ 148.7
City Heights Revenue #33676	$ -	$ 1.1	$ 1.2	$ 1.2	$ 1.3	$ 1.3
RPTTF Pass-Through Tax Sharing Payme	$ 3.8	$ 4.4	$ 4.6	$ 4.8	$ 4.9	$ 5.1
RPTTF Residual Property Tax Payment	$ 13.9	$ 15.1	$ 18.5	$ 21.1	$ 24.0	$ 25.2
Total Property Tax Projection	**$ 470.1**	**$ 498.3**	**$ 523.1**	**$ 545.7**	**$ 566.8**	**$ 584.2**



Risks to Property Tax Projection

The factors described above combine to make up the projection; however, should one or several of these factors not perform as projected, property tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a current scenario and an alternative scenario based on risks.

The projections for property tax revenues displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook reflect the current scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the current scenario and the alternative scenario and quantifies the potential risks to the City's property tax revenues.

($ in millions)

Scenario - Property Tax	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current Scenario	5.0% $ 498.3	4.5% $ 523.1	4.0% $ 545.7	3.5% $ 566.8	3.0% $ 584.2
Alternative Scenario Based on Risks	4.0% $ 493.5	3.5% $ 513.1	3.0% $ 530.1	2.5% $ 545.4	2.0% $ 556.7

The current scenario is based on the economic assumption that the growth in the CCPI will be less than 2.0 percent in all five fiscal years. This will lead to less growth in the City's assessed valuation. The alternative scenario also assumes that mortgage interest rates will increase rapidly in the next five years. Increased mortgage rates raise the cost of home ownership, thereby slowing the number of home sales and median home price growth. In addition, the alternative scenario assumes that due to the higher than anticipated positive assessed valuation growth in FY 2014 through FY 2016 and increases in the median home price and home sales count, not as many homes will see as large of a reassessment in FY 2017 as in previous years. This will lead to lower annual assessed valuation growth rates for FY 2017 through FY 2021. Based on the alternative scenario, property tax revenue would be approximately $4.8 million lower in FY 2017, leading to a larger decrease of $27.5 million in FY 2021.

One additional factor that may influence the property tax forecast but not reflected in the alternative scenario relates to rescinding the suspension of the City's receipt of revenues from the City Heights Redevelopment Project Area. If the County does not implement the City's rescission of the suspension of revenue, then the City must continue to forego, on average, $1.2 million per year in property tax revenue.

Another factor that may influence the property tax forecast relates to the DOF's review and denial of enforceable obligations on the ROPS. If enforceable obligations are denied, the ROPS payment will decrease, leading to an increase in the RPTTF residual balance available for distribution to local entities. A decrease in enforceable obligations will increase the City's RPTTF residual payment throughout all fiscal years of the outlook.

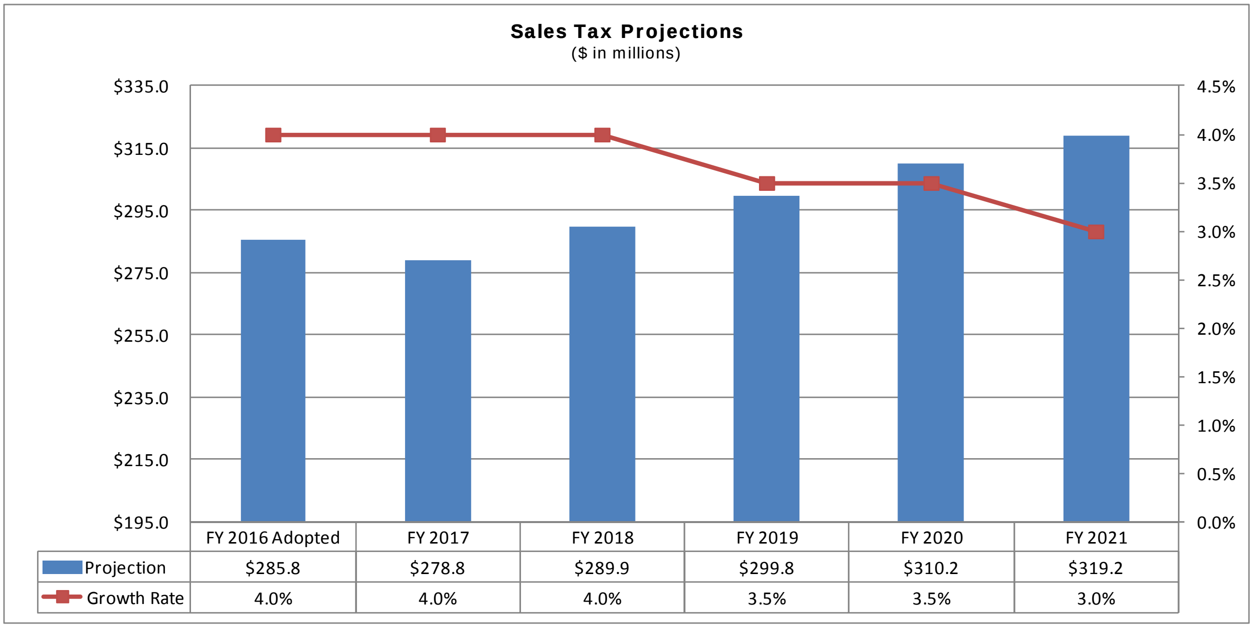
There is also an outstanding dispute between the County of San Diego and various local entities within the County that may influence the property tax forecast for the City. The dispute resides in how the RPTTF residual payments are calculated and the trial court decision was in favor of the City and other local entities. It is anticipated that this positive decision would allow the City to receive a lump sum of past residual payments, along with an increase in RPTTF residual payments going forward throughout the Outlook period. At the time this report was written, it was unknown if the County will appeal the trial court decision, postponing the distribution of additional RPTTF residual revenue until proceedings have concluded.

Sales Tax

The City's second largest revenue source is sales tax. Sales tax is collected at the point of sale and remitted to the State Board of Equalization, which allocates tax revenue owed to the City in monthly payments. The total Citywide sales tax rate in San Diego is 8.0 percent, of which the City receives approximately 1.0 percent. The FY 2017 projection for sales tax is $278.8 million, a $7.0 million decrease over the FY 2016 Adopted Budget of $285.8 million, due to the 'triple-flip' and discussed later in this section. The following table displays the sales tax forecast for FY 2017 through FY 2021.

($ in millions)

Sales Tax	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate	4.0%	4.0%	4.0%	3.5%	3.5%	3.0%
Projection	$ 285.8	$ 278.8	$ 289.9	$ 299.8	$ 310.2	$ 319.2



	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$285.8	$278.8	$289.9	$299.8	$310.2	$319.2
Growth Rate	4.0%	4.0%	4.0%	3.5%	3.5%	3.0%

The major local economic drivers of the City's sales tax include the unemployment rate, consumer confidence, and consumer spending. The sales tax projection for FY 2017 assumes that the unemployment rate will continue to slightly decrease but approaching historical averages for the region. As of September 2015, the City of San Diego unemployment rate was 4.4 percent, compared to a rate of 5.8 percent in September 2014, as reported by the California Employment Development Department. For comparison, the local unemployment rate in the years 2000 through 2008 in the region ranged between 4.0 and 5.0 percent. The City of San Diego's unemployment rate is now within the historical average experienced prior to the Great Recession. In addition, growth in consumer confidence is also projected to increase, leading to continued improvement in the City's sales tax receipts.

The City experienced a steady increase in sales tax revenue in FY 2015. Sales tax data from HdL Companies , the City's sales and property tax consultant, indicate expected gains in taxable sales from autos and transportation, building and construction, and restaurant and hotels major industry groups. Increases in these sectors should help maintain the positive trend through FY 2016. Lower retail gas and jet fuel prices brought on by a decreased global demand for crude oil in FY 2015 has continued to negatively impact sales tax revenue through FY 2016. However, gas prices are anticipated to continue growing. Although fuel prices are anticipated to remain low, moderate growth in sales tax is expected to continue as unemployment decreases and consumer confidence increases. While growth is projected to remain positive, it is projected to slow in the outer years of the Outlook period.

Additionally, the UCLA Anderson September 2015 Forecast projects mild conditions of growth in taxable sales in California to average 4.5 percent in calendar year 2016 and 4.2 percent in calendar year 2017. The California State Board of Equalization projects an average growth rate of 5.1 percent in statewide sales tax receipts for FY 2016, which is higher than the UCLA Anderson Forecast.[1] These growth rates are statewide and do not directly correspond to the San Diego region sales tax growth rates included in the Outlook; however, these projections provide support for the positive growth in consumer spending that is anticipated to occur within the City.

Sales tax projections include the anticipated end of the 'triple flip', which was enacted by the State of California in FY 2005 to pay economic recovery bonds and is now scheduled to come to an end in FY 2016. Based on current estimates of the timeline to unwind the 'triple flip', the City's accrual practices are anticipated to result in a one-time increase of $12.7 million in sales tax revenue recognized in FY 2016. This projected accrual fluctuation is a result of the increase in monthly cash collections to be received towards the end of FY 2016 and is supported by a 'triple flip' true-up reconciliation prepared by the City's sales tax consultant, HdL Companies. Although the 4.0 percent growth in sales tax is projected to hold constant from the FY 2016 Adopted through FY 2018 and the corresponding growth in projected receipts is collected, the one-time adjustment reflects a decrease of $7.0 million in FY 2017 when compared to FY 2016 due to larger collections in FY 2017 being accrued back to FY 2016. Upon the end of the 'triple-flip' the City's collection of the full 1.0 percent Bradley-Burns Sales Tax (currently 0.75 percent) is projected to resume beginning January 1, 2016 and anticipated to receive the additional 0.25 percent allocation in March 2016 for the first quarter of calendar year 2016 taxable sales.

Risks to Sales Tax Projection

The number of factors described above combine to make up the sales tax projection; however, should one or several of these factors not perform as projected, sales tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a current scenario and an alternative scenario based on risks.

The projections for sales tax revenues displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook reflect the current scenario as these are the amounts the City anticipates

[1] State Board of Equalization, Projected Statewide Taxable Sales, May 2015

to receive over the next five years. However, the following table displays both the current scenario and the alternative scenario to quantify the potential risks to the City's sales tax revenues.

($ in millions)

Scenario - Sales Tax	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current Scenario	4.0% $ 278.8	4.0% $ 289.9	3.5% $ 299.8	3.5% $ 310.2	3.0% $ 319.2
Alternative Scenario Based on Risks	3.0% $ 275.5	3.0% $ 283.8	2.5% $ 290.5	2.5% $ 297.8	2.0% $ 303.4

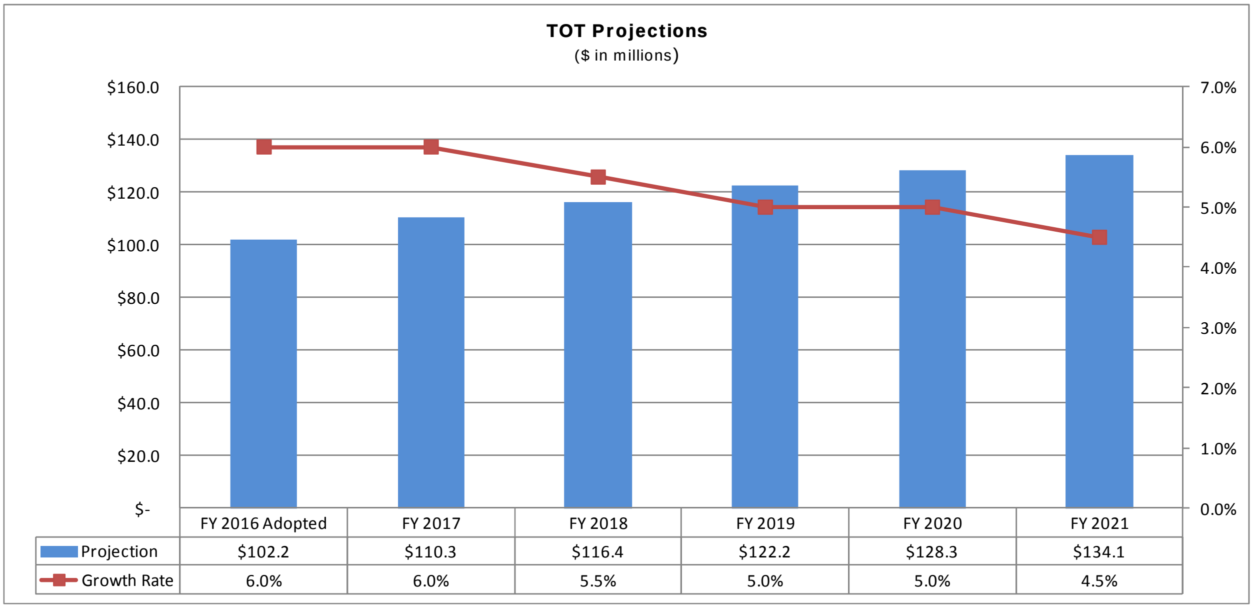
The alternative scenario reflects that higher unemployment and lower consumer confidence in the local and State economies will impact projected growth rates. The alternative scenario also reflects the significant increases in online sales reducing point of sales transactions for brick and mortar stores within the City limits. In addition, the alternative scenario assumes guarding against the potential negative impact of a rise in the federal interest rates, particularly affecting the auto industry for sales tax. Lastly, a delay in the unwinding of the 'triple-flip' would affect projected sales tax receipts in FY 2017 and beyond.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) is the City's third largest revenue source. TOT is levied at 10.5 cents per dollar of the daily room price of hotels, motels, and vacation rentals in which the transient's stay is less than 30 consecutive days. The use of TOT is guided by the City's Municipal Code, which stipulates that 5.5 cents shall be applied toward general government purposes, 4.0 cents shall be applied toward promoting the City as a tourist destination, and the remaining 1.0 cent shall be allocated for any purpose approved by the City Council. The FY 2017 General Fund projection for TOT is $110.3 million, an $8.1 million increase over the FY 2016 Adopted Budget of $102.2 million. The following table shows the forecast for FY 2017 through FY 2021 for TOT.

($ in millions)

Transient Occupancy Tax	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate	6.0%	6.0%	5.5%	5.0%	5.0%	4.5%
Projection	$ 102.2	$ 110.3	$ 116.4	$ 122.2	$ 128.3	$ 134.1



Major economic drivers for TOT revenue include room rates, average occupancy rates, seasonal and non-seasonal tourism, business travel, and conventions. Sustained positive tourism growth has occurred since the economic turnaround began in FY 2010 and this trend is expected to continue through FY 2016, according to the July 2015 Quarterly Travel Forecast from the San Diego Tourism Authority (SDTA). Slow but steady growth in hotel occupancy is forecasted through calendar year 2020, however, room demand growth while still positive, is expected to level off in outlying years as displayed in the following table prepared by Tourism Economics, Inc.

Calendar Year Tourism Forecast	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Total Visitor Growth	2.6%	2.1%	1.6%	1.4%	1.9%
Overnight Visitor Growth	2.4%	2.2%	1.8%	1.4%	2.5%
Room Demand Growth	2.4%	2.2%	1.5%	1.2%	1.5%
Average Occupancy Percentage Rate	78.1%	78.6%	79.0%	79.1%	79.4%
Average Daily Rate	$ 159.09	$ 166.05	$ 173.25	$ 180.05	$ 186.45

Another large driver of TOT receipts in the City of San Diego is the Convention Center. Currently, there are approximately 66 conventions and 107 events scheduled in calendar year 2015 with an estimated 544,074 attendees. Although the current estimated number of attendees remains relatively flat when compared to calendar year 2014, it should be noted that the number of conventions and estimated attendees are subject to change should new bookings occur. As of March 2015, the Convention Center Corporation anticipates to produce record room night production for calendar years 2016 and 2017 through incremental room night production as a result of short-term booking activity.

Furthermore, the San Diego Tourism Authority (SDTA) resumed marketing San Diego as a preferred vacation and meeting destination as of January 2014. Advertising campaigns have expanded in such categories as lodging, dining, arts and attraction, among others through the use of Tourism Marketing District (TMD) funds. Visitor spending is projected to decrease slightly from the 9.7 percent peak in growth experienced in calendar year 2014, to 9.5 percent in calendar year 2015 due to vacationers still making the destination trip; however, opting for activities requiring less spending such as parks, beaches, and museums. The FY 2017 through FY 2021 TOT forecast is in line with the July 2015 Quarterly Travel Forecast by Tourism Economics, the SDTA's travel consultant.

In FY 2015, the San Diego Padres bid to host the 87th annual 2016 Major League Baseball All-Star Game at PETCO Park in the City of San Diego. The bid was accepted and the All-Star Game along with associated events are scheduled to occur in July of Fiscal Year 2017. Some of the events include; Fan Fest (to be held at the San Diego Convention Center), a celebrity softball game, and the Homerun Derby. According to the SDTA, the internationally recognized baseball game and related events are estimated to attract approximately 160,000 people to San Diego. It is also estimated that as many as 60,000 attendees would be from outside the San Diego region and will generate approximately 47,000 room nights resulting in an nearly $1.5 million TOT revenue for the General Fund. It is anticipated that the City will provide minimal in-kind Police and Fire-Rescue services; however, the SDTA considers the direct and indirect benefits to the City to out-weigh the cost of the services provided.

New hotel projects within the City add to the supply of hotel room inventory. A total of 273 additional rooms were added in calendar year 2015, 186 of which were in the downtown area. Additionally, an estimated 1,456 more rooms are in the pipeline for calendar year 2016, 651 of which are slated for the downtown area, while the majority of the remaining rooms are to be added along Harbor Drive and Pacific Highway. Calendar year 2017 includes 332 rooms for the Crowne Plaza and Staybridge Suites on Ash Street in downtown. Other hotels expected to add to San Diego's hotel inventory in calendar year 2018 include a grouping of three hotels in Liberty Station totaling 650 rooms, and an upscale hotel off Harbor Drive with 400 rooms to be named, Lane Field South. The new hotels are anticipated to positively impact the City's TOT receipts.

Penny for the Arts

The San Diego Commission for Arts and Culture (Commission) is the City's officially designated local arts agency established in 1988. The Commission's objective is to serve in an advisory capacity to the Mayor and City Council on promoting and increasing support for the region's artistic and cultural assets, as well as showcasing San Diego as an international tourist destination. On October 22, 2012, the City Council passed Resolution 307760, approving the Penny for the Arts Five-Year Blueprint, authorizing the Commission to implement the Blueprint as TOT revenues increase. The five recommendations comprising the Penny for the Arts Five-Year Blueprint include the following:

- Restoring funding to the Organizational Support and Creative Communities programs
- Funding towards Cultural Tourism Promotions
- Contribution of annual allocations to the Public Art Fund for art conservation
- Funding to support the Arts Education Enrichment Initiative for K-12 students
- Support for Arts and Culture Contractor Incubator pilot program

The amounts funded in the Blueprint each fiscal year reflect reductions to the TOT 4 cent General Fund revenue included in the Outlook. However, these allocations bring the total funding allocation for the Penny for the Arts Blueprint closer to the amounts originally approved by the City Council. The goal of the Blueprint is to increase Arts & Culture funding in the City of San Diego equivalent to 1.0 cent of total TOT revenues. The incremental change from the FY 2016 Adopted Budget and Council-approved total allocations for the Penny for the Arts Blueprint are displayed in the following table.

(in millions)

Penny for the Arts Blueprint	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Citywide TOT Revenue	**$ 195.0**	**$ 210.6**	**$ 222.2**	**$ 233.3**	**$ 244.9**	**$ 256.0**
General Fund TOT Revenue	$ 102.2	$ 110.3	$ 116.4	$ 122.2	$ 128.3	$ 134.1
Blueprint Percent of Total TOT Revenue	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%
Current/Projected Blueprint Funding	**$ 12.6**	**$ 13.6**	**$ 14.3**	**$ 15.0**	**$ 15.8**	**$ 16.5**
Blueprint Goal Percentage (%)	8.55%	9.50%	9.50%	9.50%	9.50%	9.50%
Blueprint Goal in Dollars	$ 16.7	$ 20.0	$ 21.1	$ 22.2	$ 23.3	$ 24.3
Blueprint Dollars to Funding Goal	**$ (4.1)**	**$ (6.4)**	**$ (6.8)**	**$ (7.1)**	**$ (7.5)**	**$ (7.8)**

Risks to Transient Occupancy Tax Projection

The number of factors described above combine to make up the TOT projection; however, should one or several of these factors not perform as projected, TOT revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a current scenario and an alternative scenario based on risks.

The projections for TOT revenues displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook reflect the current scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the current scenario and the alternative scenario and quantifies the potential risks to the City's TOT revenues.

($ in millions)

Scenario - Transient Occupancy Tax	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current Scenario	6.0% $ 110.3	5.5% $ 116.4	5.0% $ 122.2	5.0% $ 128.3	4.5% $ 134.1
Alternative Scenario Based on Risks	5.0% $ 109.3	4.5% $ 114.2	4.0% $ 118.7	4.0% $ 123.5	3.5% $ 127.8

The alternative scenario reflects slower recovery in spending in both leisure and business travel in FY 2016, affecting growth in FY 2017 and beyond. This effect would be a result of lowered spending due to an increase in the unemployment rate and reduced travel. In addition, while travel may continue, the spending habits of visitors on vacation remains uncertain. Finally, it remains unknown how the court ruling on the financing of the Convention Center Expansion Project may potentially limit growth in bookings of larger conventions, specifically the largest generator of TOT for the City, Comic-Con.

Franchise Fees

The franchise fees revenue category includes payments from San Diego Gas and Electric (SDG&E) and cable television providers for the use of the City's rights-of-way. The City also collects refuse hauler fees based on the total amount of refuse hauled annually. The FY 2017 projection for the franchise fees category is $82.5 million, a $1.8 million increase over the FY 2016 Adopted Budget of $80.8 million. The following table shows the forecast for FY 2017 through FY 2021 for the franchise fees category.

($ in millions)

Franchise Fees	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SDG&E Growth Rate	2.0%	3.3%	3.3%	3.3%	3.3%	3.3%
Cable Growth Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 80.8	$ 82.5	$ 84.2	$ 85.9	$ 87.7	$ 89.5

Natural gas and electricity prices and consumption are expected to increase during the Outlook period, according to the U.S. Energy Information Administration. Based on the industry average forecast for price and consumption, SDG&E Franchise Fee revenues are projected to increase at a rate of 3.3 percent for FY 2017 through FY 2021. Revenue from cable franchise fees is based on the increasing demand for internet and telephone services and declining television subscriptions; therefore, no growth is projected within the Outlook Period.

Risks to Franchise Fees Projection

Fluctuations in natural gas and/or electricity prices will affect the actual growth of SDG&E Franchise Fee revenue throughout the Outlook period. Similarly, fluctuations in the demand for TV subscriptions, internet, and/or telephone services will affect the actual growth of cable Franchise Fee revenue. To account for these fluctuations, a sensitivity analysis was conducted. This sensitivity analysis resulted in a current scenario and an alternative scenario based on risks.

The projections for franchise fee revenues displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook reflect the current scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the current scenario and the alternative scenario and quantifies the potential risks to the City's franchise fee revenues.

($ in millions)

Scenario - Franchise Fees	Franchise Fee	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current Scenario	SDG&E	3.3%	3.3%	3.3%	3.3%	3.3%
	Cable	0.0%	0.0%	0.0%	0.0%	0.0%
	Projection	$ 82.5	$ 84.2	$ 85.9	$ 87.7	$ 89.5
Alternative Scenario Based on Risks	SDG&E	2.3%	2.3%	2.3%	2.3%	2.3%
	Cable	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
	Projection	$ 81.9	$ 82.8	$ 83.8	$ 84.8	$ 85.9

The alternative scenario would be appropriate if natural gas and/or electricity prices and the demand for internet and/or telephone services decrease rather than increase as projected throughout the Outlook period.

Property Transfer Tax

Property transfer tax is levied on the sale of real property. The County of San Diego collects $1.10 per $1,000 of the sale price when any real property is sold, of which the City receives half, or $0.55 per $1,000. The FY 2017 projection for property transfer tax is $9.5 million; which is a $1.1 million increase over the FY 2016 Adopted Budget of $8.4 million. The following table shows the forecast for FY 2017 through FY 2021 for the property transfer tax category.

($ in millions)

Property Transfer Tax	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%
Projection	$ 8.4	$ 9.5	$ 9.7	$ 10.0	$ 10.2	$ 10.5

The volume of home sales and home prices influence property transfer tax revenue and, unlike property tax revenue, property transfer tax reflects current economic conditions without a lag time. The City of San Diego has experienced positive growth in home prices, with an increase of 5.7 percent in the median home price from August 2014 to August 2015, while number of homes sold has increased 11.7 percent over the same time period. Similar to property tax, this revenue is anticipated to continue to increase; however, as mortgage rates return to more normal levels, growth in property transfer tax is expected to level off.

Risks to Property Transfer Tax Projection

The number of factors described above combine to make up the property transfer tax projection; however, should one or several of these factors not perform as projected, property transfer tax revenues will vary from the current projection. To account for variances in these factors, a sensitivity analysis was conducted. This sensitivity analysis resulted in a current scenario and an alternative scenario based on risks. The projections for property transfer tax revenues displayed in Attachment 1: FY 2017-2021 Five-Year Financial Outlook reflect the current scenario as these are the amounts the City anticipates to receive over the next five years. However, the table below displays both the current scenario and the alternative scenario and quantifies the potential risks to the City's property transfer tax revenues.

($ in millions)

Scenario - Property Transfer Tax	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current Scenario	3.0% $ 9.5	3.0% $ 9.7	2.5% $ 10.0	2.5% $ 10.2	2.5% $ 10.5
Alternative Scenario Based on Risks	2.0% $ 9.4	2.0% $ 9.5	1.5% $ 9.7	1.5% $ 9.8	1.5% $ 10.0

The alternative scenario assumes high mortgage rates in the local real estate market resulting in increased cost of home ownership; thereby slowing the number of home sales and average home price growth and increasing foreclosure counts.

Licenses and Permits

The Licenses and Permits revenue category consists primarily of user fee revenues, including business tax, rental property taxes, and other permits, such as alarm permits and occupational licenses. The FY 2017 projection for Licenses and Permits is $24.7 million, a

$0.6 million increase over the FY 2016 Adopted Budget of $24.1 million. The following table displays the forecast for FY 2017 through FY 2021 for the Licenses and Permits category.

($ in millions)

Licenses and Permits	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%
Projection	$ 24.1	$ 24.7	$ 25.3	$ 25.9	$ 26.6	$ 27.3

A growth rate of 2.5 percent is applied from FY 2017 through FY 2021 based on historical average annual increases in the Licenses and Permits category over the past three years. It should be noted that per Council Policy 100-02, a comprehensive analysis of General Fund user fees was conducted during FY 2015 and implemented at the beginning of FY 2016. The Outlook reflects revenue adjustments related to the user fee analysis.

Fines, Forfeitures and Penalties

The Fines, Forfeitures and Penalties category includes revenues from parking citations, vehicle code citations, collection referral revenues, and litigation awards. The FY 2017 projection for fines and forfeitures is $29.8 million, a $0.1 million increase from the FY 2016 Adopted Budget of $29.7 million. The following table displays the forecast for FY 2017 through FY 2021 for the fines and forfeitures category.

($ in millions)

Fines, Forfeitures and Penalties	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.5%	0.5%	0.5%	0.5%	0.5%
Projection	$ 29.7	$ 29.8	$ 30.0	$ 30.1	$ 30.3	$ 30.4

The increase from the FY 2016 Adopted Budget to the FY 2017 projection is the result of a growth rate of 0.5 percent that is applied from FY 2017 through FY 2021 based on historical average increases in the fines, forfeitures and penalties category over the past three years.

Revenue from Money and Property

The Revenue from the Money and Property category primarily consists of rental revenue generated from City-owned properties including Mission Bay, Pueblo Lands, and the Midway area properties. This category also includes interest earnings, which are discussed in detail below. The FY 2017 projection for revenue from money and property is $47.9 million, a $1.7 million increase from the FY 2016 Adopted Budget of $46.2 million. The following table displays the forecast for FY 2017 through FY 2021 for the Revenue from Money and Property category.

($ in millions)

Revenue from Money and Property	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		3.0%	3.0%	3.0%	3.0%	3.0%
Projection	$ 46.2	$ 47.9	$ 49.3	$ 50.7	$ 52.1	$ 53.6

A growth rate of 3.0 percent is applied from FY 2017 through FY 2021 based on historical average increases in the Revenue from Money and Property category over the past three years.

In addition to the increase based on historical averages, the revenue from money and property projection for FY 2017 through FY 2021 includes a reduction of $0.4 million as a result of redistributing reimbursable revenue from this category to the Charges for Services revenue category for Police services provided during Charger football games.

Additional adjustments to the Revenue from Money and Property category include revenue from Mission Bay rents and concessions which are increased based on projections from the Real Estate Assets Department. Per Proposition C and City Charter Section 55.2, $20.0 million of Mission Bay rents and concessions will remain in the General Fund. The remainder of funds greater than the threshold amount will be allocated to the San Diego Regional Park Improvements Fund and the Mission Bay Improvements Fund. The San Diego Regional Park Improvements Fund is to receive 25.0 percent of revenues in excess of the threshold amount or $2.5 million, whichever is greater, with 75.0 percent or the remaining amount allocated to the Mission Bay Improvements Fund.

Interest Earnings

($ in millions)

Interest Earnings	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Estimated Yield		1.5%	1.8%	2.0%	2.3%	2.5%
Projection	$ 0.5	$ 1.6	$ 1.9	$ 2.2	$ 2.4	$ 2.7

In accordance with the City Charter and the authority granted by the City Council, the City Treasurer is responsible for investing the City's cash assets, exclusive of City Trust Funds. With the exception of certain bond funds, all City funds are pooled and invested in the City Treasurer's Pooled Investment Fund to manage the City's cash flow requirements. The City's investments must comply with the City Treasurer's Investment Policy and the State of California Government Code guidelines and restrictions. The maximum maturity of any investment may not exceed five years. Selection of an investment is based on safety, liquidity, risk, interest rate environment, and the cash flow requirements of the City. Deviations in returns from one fiscal year to the next can generally be attributed to changes in market interest rates or the actual average amount invested during the fiscal year. Past interest earnings performance is no guarantee or indicator of future results.

Interest rates have remained historically low since the financial crisis of 2008. The federal funds rate has remained at a target of 0.00 to 0.25 percent during the entire period even as economic activity has expanded. At its October 2015 meeting, the Federal Open Market Committee (FOMC) stated that it could start normalizing interest rates as soon as the December 2015 meeting. Based on that statement, it is expected that the FMOC will begin raising interest rates sometime in late 2015 to early 2016. The result will be a gradual rise in interest earnings beginning in Fiscal Year 2016. It should be noted that interest rates are market driven and subject to a number of uncontrollable or unpredictable factors, resulting in outcomes different from the projections in the Outlook.

Revenue from Federal and Other Agencies

The Revenue from Federal and Other Agencies category includes federal and State grants, and reimbursements to the City from other agencies, including court crime lab revenue, urban search and rescue grants, and service level agreements. The FY 2017 projection for revenue from federal and other agencies is $6.9 million, which is the same as the FY 2016 Adopted Budget. The following table displays the forecast for FY 2017 through FY 2021 for the Revenue from Federal and Other Agencies category.

($ in millions)

Revenue from Federal and Other Agencies	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 6.9	$ 6.9	$ 6.9	$ 6.9	$ 6.9	$ 6.9

No adjustments or growth is projected within the Revenue from Federal and Other Agencies category for the FY 2017 through FY 2021 Outlook Period.

Charges for Services

The revenue forecasted in the Charges for Services category is comprised of charges for services provided to the public and other City funds. This category includes TOT 4.0 cent reimbursements to the General Fund, General Government Services Billings (GGSB), and other user fee revenues. The FY 2017 projection for the Charges for Services category is $126.5 million, a $3.1 million decrease from the FY 2016 Adopted Budget of $129.6 million. The following table displays the forecast for FY 2017 through FY 2021 for the Charges for Services category.

($ in millions)

Charges for Services	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		3.0%	3.0%	3.0%	3.0%	3.0%
Projection	$ 129.6	$ 126.5	$ 130.4	$ 137.2	$ 142.1	$ 149.1

The Outlook also includes the removal of $5.9 million of one-time revenues, included in the FY 2016 Adopted Budget, primarily from a transfer of fund balance from the Transient Occupancy Tax Fund. A growth rate of 3.0 percent has been applied from FY 2017 through FY 2021 based on consideration of historical average increases in the Charges for Services category over the past three years.

Also included in the Outlook are adjustments in General Fund reimbursements from the TOT 4.0 cent revenue allocation in FY 2017 for department expenses related to the promotion of tourism and safety and maintenance of visitor-related facilities. The Outlook also includes an increase of $1.4 million as a result of redistributing reimbursable revenue to this category from Revenue from Money and Property category, as well as expected increases for Police services provided during Charger football games.

Per City Council Policy 100-02, a comprehensive analysis of the General Fund's user fees was conducted in FY 2015. Council Policy 100-02 requires a user fee analysis to be conducted every three years; the next Citywide analysis will be completed in FY 2018. The Outlook reflects revenue adjustments related to the comprehensive user fee analysis conducted during FY 2015.

Other Revenue

The Other Revenue category includes library donations, ambulance fuel reimbursements, corporate sponsorships, and other miscellaneous revenues. The FY 2017 projection for the Other Revenue category is $4.3 million, which is a $0.3 million decrease from the FY 2016 Adopted Budget of $4.6 million. The following table displays the forecast for FY 2017 through FY 2021 for the Other Revenue category.

($ in millions)

Other Revenue	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 4.6	$ 4.3	$ 4.3	$ 2.3	$ 2.3	$ 2.3

The FY 2016 Adopted Budget included $0.3 million in one-time revenue to reflect an increase in ambulance fuel reimbursement revenue. This one-time revenue has been removed from the FY 2017 through FY 2021 projections. Additionally, the Other Revenue projection for FY 2019 through FY 2021 reflects a $2.0 million reduction of library donations from the Friends of the Library.

Transfers In

The Transfers In category represents transfers to the General Fund from non-general funds and other agencies. The major components in this category are transfers from the Safety Sales Tax, Storm Drain, Gas Tax and TransNet Funds, the one-cent TOT revenue transfer from the Transient Occupancy Tax Fund, and the backfill of the tobacco securitized revenue. The FY 2017 projection for the Transfers In category is $89.6 million, a decrease of $4.0 million from the FY 2016 Adopted Budget of $93.6 million. The following table displays the forecast for FY 2017 through FY 2021 for the Transfers In category.

($ in millions)

Transfers In	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 93.6	$ 89.6	$ 86.7	$ 89.4	$ 92.2	$ 94.9

No growth rate is applied to the Transfers In category for the FY 2017 through FY 2021 Outlook period; however, the FY 2017 projection includes the removal of $12.8 million in one-time revenues that were included in the FY 2016 Adopted Budget. The one-time revenues being removed from the projection include a transfer of fund balance from the Wireless Antenna Fund, the Environmental Growth Funds, the Tobacco Settlement Revenue Fund, and the Police Decentralization Fund. The General Fund received a one-time, $2.0 million transfer of fund balance from the Police Decentralization fund for the replacement of the Police Department's Computer Aided Dispatch system. Other one-time funding to the General Fund included a transfer of $0.9 million from the Environmental Services Department for supplement Vehicle Financing Program for the new Compressed Natural Gas Fueling station, and other miscellaneous revised major revenue projections.

In addition to the removal of one-time revenues, the FY 2017 projection reflects adjustments due to the transfers in from the Automated Container Fund and from the Bayside Fire Station Capital Improvement Project. $0.7 million is projected to be transferred in FY 2017 into the General Fund from the Automated Container Fund to reimburse the General Fund for seed money provided in FY 2008 and FY 2009. In FY 2017, $5.0 million is projected to be transferred into General Fund from the Bayside Fire Station Capital Improvement Project. General Fund money was budgeted in FY 2016 as a funding source for the Bayside Fire Station but has since been replaced with other eligible cash identified during the RDA due diligence review.

The transfers in from the Safety Sales Tax Fund, the Gas Tax Fund, and the TransNet Fund are also adjusted based on the projection for each respective revenue. Gas tax and TransNet are projected to increase based on historical actuals, while safety sales tax reimbursements to the Police and Fire-Rescue Departments are projected to increase consistent with sales tax revenue, as this revenue is a component of the Citywide sales tax rate.

Safety sales tax revenue is derived from a half-cent sales tax resulting from the enactment of Proposition 172 in 1994. Annually, a certain amount of safety sales tax revenue is allocated to the Fire and Lifeguard Facilities Fund for the payment of debt obligations associated with Fire and Lifeguard facility improvements. The remaining revenue is distributed to the General Fund equally between the Police and Fire-Rescue Departments' budgets to support public safety needs.

General Fund Expenditures

General Fund expenditures are comprised of both personnel and non-personnel expenditures including debt service and other non-discretionary payments. This section provides details on each of the General Fund expenditure categories displayed in the Baseline Projections section of Attachment 1: FY 2017-2021 Five-Year Financial Outlook.

Personnel expenses made up approximately 68.2 percent of the City's General Fund FY 2016 Adopted Budget. Baseline Personnel expenses are projected to increase during the Outlook period, primarily as a result of the inclusion of pensionable and non-pensionable compensation increases resulting from the new Employee Organization Agreements between the City and the Police Officers Association (POA) and the Municipal Employees Association (MEA). The agreements with the City's four remaining recognized employee organizations contain reopener clauses for FY 2017 and the outcome of any labor negotiations may impact the City's expenditure projections.

Projections for ongoing non-personnel expenses are also included in the Baseline Projections and are based on anticipated events and historical trend analysis. Significant adjustments to non-personnel expenditure projections include reserve contributions to the Public Liability Fund, adjustments to debt payments based on respective debt service schedules, and an increase in the transfer of Mission Bay lease revenues to the Mission Bay and Developed Regional Park Improvement Funds. In addition, there are projected non-personnel expenditure increases in the Supplies, Contracts, and Energy and Utilities categories.

Salaries and Wages

The Salaries and Wages category is the largest General Fund expenditure category and is comprised of regular salaries and wages, special pays, overtime, step increases, and salary annual leave. The FY 2016 Adopted Budget for salaries and wages was $519.2 million and included 7,299.48 full-time equivalents (FTEs). The following table shows the forecast for FY 2017 through FY 2021 for the Salaries and Wages category.

($ in millions)

Salaries and Wages	FY 2016 Adopted[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ 519.2	$ 521.0	$ 521.8	$ 522.0	$ 523.0	$ 521.9

[1] FY2016 Adopted excludes expenses related to the City's MOU with POA which are reflected in the Multi-year Employee Organization Agreements section

Adjustments within the Salaries and Wages category are limited as projected increases in salaries resulting from position additions are captured within the priority initiatives section discussed later in this report.

The adjustments that are included within the Salaries and Wages category are step increases and salary annual leave payouts. Step increases included in the Outlook are displayed in the table below and are equal to the average of the amount budgeted for step increases over the past three fiscal years. The amount projected for step increases is anticipated to remain constant throughout the Outlook period.

($ in millions)

Step Increases	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ 1.4	$ 1.4	$ 1.4	$ 1.4	$ 1.4

The Salaries and Wages category also includes an adjustment for salary annual leave payouts (or Deferred Retirement Option Plan (DROP) payouts), which are projected based on DROP participants' exit date and projected annual leave balances. While a portion of future leave liability expense will be absorbed in departmental budgets, there are a large number of employees with high leave balances expected to retire over the next several years. The number of DROP participants anticipated to retire and the resulting projected salary annual leave payout amounts for FY 2017 through FY 2021 are displayed in the table below.

($ in millions)

Salary Annual Leave (DROP)	FY 2017	FY 2018	FY 2019	FY 2020[1]	FY 2021[1]
Projected Number of Retirees	113	133	146	187	-
Projection	$ 3.6	$ 4.4	$ 4.6	$ 5.6	$ 4.5

1. FY 2021 Salary Annual Leave projection based on an average of FY 2017 through FY 2020 projected payouts as the number DROP participants anticipated to retire in FY 2021 is not yet available.

An estimate for the number of DROP participants anticipated to retire in FY 2020 is not yet available as DROP is a five-year program. As a result, the $4.5 million projection for FY 2021 is based on an average of salary annual leave payouts projected for FY 2017 through FY 2020.

Multi-Year Employee Organization Agreements

On March 27, 2015, the City Council approved the tentative agreement with POA for a Successor Memorandum of Understanding (MOU) for a five-year term via Resolution No. R-309578, with POA having the option to reopen the MOU to meet and confer in Fiscal Years 2019 and 2020. On October 6, 2015, the City and MEA reached a tentative agreement on a new four-year contract. On October 15, 2015, MEA's membership ratified the tentative agreement; the agreement will come before the City Council for final adoption in public session in December for implementation on July 1, 2016. Both the POA and MEA negotiated increases in FY 2017 and FY 2018 are non-pensionable, the increases approved for FY 2019 and FY 2020 are pensionable increases of 3.3 percent per fiscal year. The total projected compensation increases resulting from the successor MOU between the City and SDPOA and the Tentative Agreement between the City and MEA are displayed in the table below.

($ in millions)

Multi-Year Employee Organization Agreements	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Multi-Year Employee Organization Agreements	$ 16.4	$ 26.4	$ 34.3	$ 41.0	$ 43.3
Total	**$ 16.4**	**$ 26.4**	**$ 34.3**	**$ 41.0**	**$ 43.3**

The agreements with the City's four remaining recognized employee organizations contain reopener clauses for FY 2017 and the outcome of any labor negotiations may impact the City's expenditure projections.

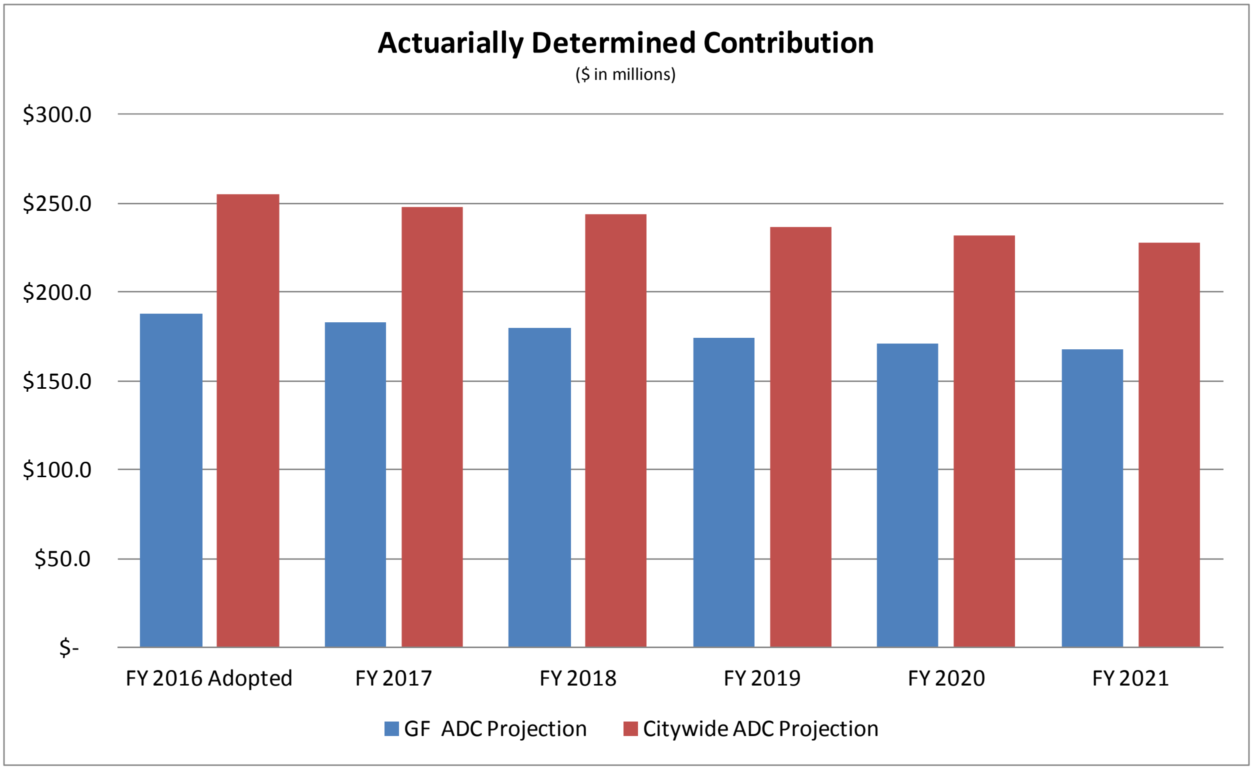
Actuarially Determined Contribution (ADC)

The Actuarially Determined Contribution (ADC) paid by the City in FY 2016 was based on the San Diego City Employees Retirement System (SDCERS) Actuarial Valuation Report prepared by the system actuary, Cheiron, as of June 30, 2014. This valuation is the most recent actuarial report and is the source in the Outlook for the projected ADC for FY 2017 through FY 2021. The June 30, 2015 Actuarial Valuation Report, when approved by the SDCERS Board, will revise and update the expected ADC found in this Outlook. The 2015 Actuarial Report is expected to be approved by the SDCERS Board in early calendar year 2016 and the updated FY 2017 ADC will be included in the FY 2017 budget.

The following table displays both the Citywide ADC and the General Fund's proportionate share for FY 2017 through FY 2021.

($ in millions)

Actuarially Determined Contribution	FY 2016 Adopted	FY16 GF % of Total ARC	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GF ADC Projection	**$ 187.7**	**73.6%**	**$ 182.7**	**$ 179.4**	**$ 174.4**	**$ 170.6**	**$ 167.6**
Citywide ADC Projection	$ 254.9		$ 248.1	$ 243.7	$ 236.9	$ 231.7	$ 227.6



ADC Assumptions

The City's FY 2016 ADC Payment was $254.9 million, with $187.7 million allocated to the General Fund. Based on the current discount rate of 7.25 percent, the ADC for FY 2017 (as estimated by the SDCERS actuary, Cheiron, in the June 30, 2014 actuarial report), is $248.1 million, with $182.7 million allocated to the General Fund. The Outlook includes ADC payments as projected in the 2014 Actuarial Valuation Report, which was the most current document as of the issuance date of the Outlook. These projections will change, potentially significantly, once the June 30, 2015 Actuarial Valuation Report is available early in calendar year 2016. Potential changes to the actuarial assumptions that affect the ADC are being discussed by the SDCERS Board and are summarized below.

On November 13, 2015, the SDCERS Board and Cheiron discussed possible changes to the economic assumptions, primarily the discount rate, and the estimated impacts on the ADC. This is the second meeting on this item this fiscal year, first discussed at the SDCERS Board meeting on September 11, 2015. The economic assumptions discussed were the discount rate (currently 7.25 percent) and the wage inflation rate (currently 3.3 percent).

On November 13, 2015, the SDCERS Board approved lowering the discount rate and the wage inflation rate by 0.250 percent over two years, or 0.125 percent in the June 30, 2015 valuation and 0.125 percent in 2016. This decision by the SDCERS Board to lower the discount rate will increase the plan liability; as a result, the ADC may increase in all five years of the Outlook. The SDCERS actuary estimated that if all actuarial assumptions remain the same and there are no other gains and losses in the June 30, 2015 valuation, the FY 2017 ADC would increase by approximately $6.0 million ($4.4 million for the General Fund), as a result of the discount rate and wage inflation rate both being lowered by 0.125 percent.

In addition, the ADC will be affected by the investment returns in FY 2015. The investment gain for FY 2015 was only 3.3 percent; which is less than the 7.25 percent return assumed in the actuarial valuation. Investment returns lower than the discount rate are treated as an experience loss by Cheiron and will also increase the City's ADC during the Outlook period. The estimated increase to the ADC for this experience loss is estimated to be roughly $6 million in Fiscal Year 2017. The FY 2017 budget will include the full ADC amount determined by the actuary in the 2015 valuation report, which is expected to be released in January 2016.

Additionally, in the summer of 2016, the SDCERS Board will consider the results of the 2016 Experience Study being conducted by Cheiron. This experience study will re-examine the assumptions used for mortality rates, retirement rates, termination rates, as well as other demographic assumptions that, if changed, may impact the projected ADC payments in future valuations.

Flexible Benefits

Flexible Benefits is an Internal Revenue Service (IRS) qualified benefits program offered to all eligible employees. The program allows employees in one-half, three-quarter, or full-time status to choose benefit plans tailored to the employee's individual needs. The City provides each eligible employee an individual credit amount on a biweekly basis for use in the Flexible Benefits Plan Program. The credit each employee is entitled to differ based on, but is not limited to, employee association, standard working hours, and years of service. Flexible Benefits include optional and required benefits, such as Medical, Dental, Vision, and Basic Life Insurance plans. For the FY 2016 Adopted Budget, $64.8 million was budgeted in flexible benefits. The following table displays the projection for Flexible Benefits for FY 2017 through FY 2021.

($ in millions)

Flexible Benefits	FY 2016 Adopted[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ 64.8	$ 64.8	$ 64.8	$ 64.8	$ 64.8	$ 64.8

[1] FY2016 Adopted excludes expenses related to the City's MOU with POA which are reflected in the Multi-year Employee Organization Agreements section

Flexible Benefit costs are fixed by position, and total flexible benefit costs vary as the number of positions change. As a result, the Flexible Benefits projection is held constant throughout the Outlook period as all position additions are reflected within the priority initiatives section of this report.

Additionally, increases in Flexible Benefit costs related to the successor MOU between the City and SDPOA and the Tentative Agreement between the City and MEA are included in the Employee Organizations Agreements section of this report.

Other Post Employment Benefits (OPEB)

Other Post-Employment Benefits (OPEB) represent the cost of retiree healthcare. The Retiree Health or Other Post Employment Benefits (OPEB) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2014 was approximately $479.5 million and the annual required contribution was determined to be $41.7 million. In FY 2012, the City entered into a 15-year memorandum of understanding with each of the recognized employee organizations regarding reforms to the retiree healthcare benefit for health-eligible employees. The agreements set the City's OPEB contribution at $57.8 million for FY 2013 through FY 2015, with annual increases of up to 2.5 percent that may be negotiated after FY 2015 based on actuarial valuations prepared by Buck Consultants. The following table displays both the Citywide OPEB projection and the General Fund's proportionate share for FY 2017 through FY 2021.

($ in millions)

Other Post Employment Benefits (OPEB)	FY 2016 Adopted	FY16 GF % of Total ARC	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate			2.5%	2.5%	2.5%	2.5%	2.5%
GF OPEB Projection	**$ 39.0**	**65.8%**	**$ 40.0**	**$ 41.0**	**$ 42.0**	**$ 43.0**	**$ 44.1**
Citywide OPEB Projection	$ 59.2		$ 60.7	$ 62.2	$ 63.8	$ 65.4	$ 67.0

The FY 2016 Adopted Budget included $39.0 million for the General Fund portion of OPEB. The General Fund portion is determined by the percentage of full-time equivalent (FTE) positions budgeted within the General Fund versus non-general funds. The General Fund's proportionate share of the OPEB payment is projected to increase by 2.5 percent for FY 2017 through FY 2021.

Workers' Compensation

State Workers' Compensation laws ensure that employees who are injured or disabled on the job are provided with monetary compensation. These laws are intended to reduce litigation and to provide benefits for workers (and dependents) who suffer work-related injuries or illnesses. State Workers' Compensation statutes establish the framework of laws for the City of San Diego.

The City's Workers' Compensation expenses are comprised of two components. Operating expenses are the first component which covers the cost of current medical expenses and claims, while the second component covers contributions to the Workers' Compensation Reserve. The following table displays the projection for Workers' Compensation for FY 2017 through FY 2021.

($ in millions)

Workers' Compensation	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Operating	$ 20.6	$ 21.1	$ 21.6	$ 22.1	$ 22.6	$ 23.2
Reserves	$ -	$ 2.1	$ 1.4	$ 1.2	$ 1.2	$ 1.2
Total	**$ 20.6**	**$ 23.1**	**$ 23.0**	**$ 23.3**	**$ 23.8**	**$ 24.4**

Operating projections for FY 2017 through FY 2021 are based on actual prior year experience and projected to increase by 2.4 percent annually. Additional information on the Workers' Compensation Reserve can be found in the Reserves section of this report.

Supplemental Pension Savings Plan (SPSP)

In January 1982, the City established the Supplemental Pension Savings Plan (SPSP). SPSP accounts provide a way for eligible employees to add to savings for retirement income with contributions matched by the City. Employee eligibility for SPSP is determined by hire date and labor organization. Employees hired between July 1, 2009 and July 20, 2012 are not eligible for entry into SPSP but rather were placed in 401(a) and retiree medical trust plans. Employees hired after the July 20, 2012 effective date of Proposition B, other than sworn police officers, are placed in the SPSP-H Plan which is being used as an Interim Defined Contribution Retirement Plan for benefited employees. Eligible new hires who are non-safety employees are required to contribute 9.2 percent of compensation to the plan, which is matched by a 9.2 percent employer contribution. For safety employees, the mandatory employee and matching employer contribution is 11.0 percent of compensation. The following table displays the projection for SPSP for FY 2017 through FY 2021.

($ in millions)

Supplemental Pension Savings Plan (SPSP)	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ 14.9	$ 14.9	$ 14.9	$ 14.9	$ 14.9	$ 14.9

SPSP is a fringe benefit that is projected based on a percentage of employees' salaries. In the FY 2016 Adopted Budget, SPSP was approximately 2.9 percent of General Fund salaries. For the Outlook period, SPSP as a percentage of salaries is projected to remain consistent at 2.9 percent. A minor increase from the FY 2016 Adopted Budget to the FY 2017 through FY 2021 projections is a result of anticipated salary step increases, which are included within the Salaries and Wages category. Additionally, this projection is based on the number of employees that were enrolled in the SPSP-H Plan during the development of the FY 2016 Adopted Budget. All position additions included in the Priority Initiatives section of this report are based on the assumption that new employees are hired post Proposition B.

Other Fringe Benefits

The Other Fringe Benefits category is comprised of Long Term Disability, Medicare, Retiree Medical Trust, 401(a) contributions, DROP payout fringe, Employee Offset Savings, Risk Management Administration, and Unemployment Insurance expenditures, among others. The following table displays the projection for Other Fringe Benefits for FY 2017 through FY 2021.

($ in millions)

Other Fringe Benefits	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ 24.3	$ 24.3	$ 24.3	$ 24.3	$ 24.3	$ 24.3

Other Fringe Benefits are projected based on a percentage of employees' salaries. In the FY 2016 Adopted Budget, Other Fringe Benefits were approximately 4.7 percent of General Fund salaries. For the Outlook period, Other Fringe Benefits as a percentage of salaries are projected to remain consistent at 4.7 percent. A minor increase from the FY 2016 Adopted Budget to the FY 2017 through FY 2021 projections is a result of anticipated salary step increases included within the Salaries and Wages category.

The City is developing a Long Term Death and Disability benefit plan for employees hired on or after July 20, 2012 that will be discussed with the Recognized Employee Organizations. This plan is anticipated to provide additional disability benefits for employees not eligible for membership in SDCERS due to Proposition B.

Additionally, the Long Term Disability Reserve Policy target of 100.0 percent of a three year average of outstanding actuarial liability has been met. No reserve contributions are projected for FY 2017 through FY 2021 as a result of funding requirements being met. Contributions to the Public Liability Reserve are discussed in detail in the following section, while additional information on the Long-Term Disability Reserve Fund can be found in the Reserves section of this report.

Public Liability Reserve Contribution

In accordance with the Reserve Policy, the City will maintain a Public Liability Reserve for General Fund claims equal to 50.0 percent of the average value of the annual actuarial liability claims for the three most recent fiscal years. This reserve level recognizes that not all claims will be due and payable at one point in time and that not all claims will be awarded, yet there may be more than one large claim that could require an immediate payment. The following table displays the FY 2017 through FY 2021 projections for the Transfers to Public Liability Reserve.

($ in millions)

Transfer to Public Liability Reserve	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projection	$ -	$ 2.8	$ 3.7	$ 2.8	$ -	$ -

As of June 30, 2015, the balance of the Public Liability Fund Reserve was approximately $37.9 million. During FY 2015, the 40.0 percent funding target for FY 2016 was pre-funded through the use of excess equity. The FY 2017-2021 Outlook includes General Fund contributions of $2.8 million in FY 2017, $3.7 million in FY 2018, and $2.8 million in FY 2019 to the Public Liability Reserve. These projected contributions are required to meet the reserve target of 50.0 percent of the average value of the outstanding liability by FY 2019. No reserve contributions are projected for FY 2020 or FY 2021.

Supplies

The Supplies category includes costs for office supplies, books, tools, uniforms, safety supplies, and building and electrical materials. The following table displays the FY 2017 through FY 2021 projections for the Supplies category.

($ in millions)

Supplies	FY 2016 Adopted[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		3.5%	3.5%	3.5%	3.5%	3.5%
Projection	$ 25.9	$ 24.9	$ 25.8	$ 26.7	$ 27.6	$ 28.6

[1] FY2016 Adopted excludes expenses related to the City's MOU with POA which are reflected in the Multi-year Employee Organization Agreements section

The FY 2016 Adopted Budget included $1.8 million in one-time expenditures for supplies related to two additional fire academies in FY 2016, equipment for both the Police and Fire-

Rescue departments, repairs to park facilities, an advanced lifeguard academy, City street repairs, and supplies for the addition of various positions. These one-time expenditures have been removed from the FY 2017 through FY 2021 projections.

Additionally, a 3.5 percent increase has been applied for FY 2017 through FY 2021 based on historical average increases in the Supplies category over the past three years.

Contracts

Contracts is a non-personnel expense category that includes the cost of professional consultant fees, insurance, refuse disposal fees, fleet vehicle usage and assignment fees, rent expenses, and other contractual expenses. The following table displays the FY 2017 through FY 2021 projections for the Contracts category.

($ in millions)

Contracts	FY 2016 Adopted[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		3.5%	3.5%	3.5%	3.5%	3.5%
Projection	$ 220.3	$ 217.3	$ 223.3	$ 230.8	$ 238.9	$ 246.9

[1] FY2016 Adopted excludes expenses related to the City's MOU with POA which are reflected in the Multi-year Employee Organization Agreements section

Adjustments within the Contracts category include the removal of one-time expenditures included in the FY 2016 Adopted Budget, an annual percentage increase of 3.5 percent based on a historical analysis, and other adjustments based on known and anticipated events.

The FY 2016 Adopted Budget included $10.6 million in one-time expenditures within the Contracts category primarily for facility condition assessments, elections, a one-time transfer to the Public Liability Fund, park improvement projects, storm drain channel program, Kinder-Morgan litigation, dredging of the Mission Dam, moving expenses, and tenant improvements.

In addition to the removal of one-time expenditures included in the FY 2016 Adopted Budget, the following adjustments have been incorporated in the Outlook based on anticipated events:

- In FY 2017, citywide election expenses have been increased by $0.5 million and reduced by $0.6 million in FY 2018 and FY 2019 before returning to FY 2016 Adopted Budget levels. After removing $1.8 million in one-time expenditures, funding for elections will total $2.9 million in FY 2017 and $1.8 million in FY 2018 and FY 2019.

- FY 2021 includes $0.2 million to establish a City Council redistricting commission following the 2020 census. Property Tax Administration Fees are projected to increase at the same growth rates as included within the Property Tax revenue category. Rent expense has been adjusted to reflect increases for corporate leases.

Information Technology

The Information Technology category includes both discretionary expenses and non-discretionary allocations to General Fund departments. The Information Technology category includes the costs related to hardware and software maintenance, help desk support, and other information technology (IT) services. The following table displays the FY 2017 through FY 2021 projections for the Information Technology category.

($ in millions)

Information Technology	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 26.8	$ 27.0	$ 27.0	$ 27.0	$ 27.0	$ 27.0

An increase is projected in FY 2017 based on IT service contract cost estimates. The Information Technology category is projected to remain constant throughout the Outlook period as additions are reflected within the Priority Initiatives section of this report.

Energy and Utilities

The Energy and Utilities category includes the General Fund's costs for electricity, fuel, and other utility and energy expenses. The following table displays the FY 2017 through FY 2021 projections for the Energy and Utilities category.

($ in millions)

Energy and Utilities	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		3.3%	3.3%	3.3%	3.3%	3.3%
Projection	$ 47.1	$ 46.5	$ 48.0	$ 49.5	$ 51.2	$ 52.6

A 3.3 percent increase has been applied for FY 2017 through FY 2021 based on information provided by the Environmental Services Department (ESD). This projected rate is currently the standard statewide factor used in forecasting utility rates. The long term projections for electricity in the General Fund are also inclusive of projected savings due to a recently approved solar energy agreement that will place solar panels on General Fund facilities and generate electricity costs savings. This first phase of the solar agreement only impacts General Fund facilities and is the cause for higher energy projections in the Non-General Funds.

On November 17, 2015 the Public Utilities Department will be recommending the City Council accept an updated Water Cost of Service Study and the corresponding Potable, Fire and Recycled Water Rate adjustments proposed in this study. The increased rate schedule is as follows:

- January 1, 2016 9.8%
- July 1, 2016 6.9%
- July 1, 2017 6.9%
- July 1, 2018 5.0%
- July 1, 2019 7.0%

If City Council approves the proposed rate increases as displayed above, the General Fund impact is estimated to be $1.1 million in FY 2017 growing to $2.7 million in FY 2021. These proposed rate increases are assumed in the Outlook. On April 1, 2015, Governor Brown directed the first ever Statewide mandatory water reductions due to the historic drought conditions. As a result of the directive, the City enhanced water conservation efforts which are projected to save the General Fund $2.1 million in FY 2017 and growing in the outer years, more than offsetting the impact of the proposed rate increases.

Other Expenditures

Expenses included in this category are debt service payments, transfers out to other funds, capital expenses, and other miscellaneous expenditures. The following table displays the FY 2017 through FY 2021 projections for the Other Expenditures category.

($ in millions)

Other Expenditures	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%
Projection	$ 86.4	$ 54.4	$ 54.9	$ 55.4	$ 56.0	$ 56.5

The FY 2016 Adopted Budget included $32.3 million in one-time expenditures within the Other Expenditures category that have been removed from the FY 2017 through FY 2021 projections. The one-time expenditures included in the FY 2016 Adopted Budget are detailed below.

- $7.4 million for street, sidewalk repair, and street light improvements
- $5.1 million for the replacement of the Police Department Computer Aided Dispatch (CAD) system
- $5.0 million for the Bayside Fire Station capital improvement project
- $3.6 million for the City's facilities annual allocation for various CIP projects
- $1.7 million various Park and Recreation related capital improvement projects

- $1.4 million to implement street sweeping program enhancements
- $1.0 million transfer to the Market Street capital improvement project
- $0.9 million for non-personnel expenditures for sworn positions
- $0.9 million for the Compressed Natural Gas (CNG) Fueling Station
- $0.9 million transfer to Americans with Disabilities Act (ADA) related to CIP projects

The Outlook projections include several adjustments within the Other Expenditures category including transfers to other non-general funds and other expenditures which are detailed below.

- Per Proposition C and City Charter Section 55.2, the Transfer Out group reflects an increase in Mission Bay lease revenues to be transferred to the San Diego Regional Park Improvements Fund and the Mission Bay Improvements Fund

The estimated payment for Supplemental Cost of Living Adjustments (COLA) was decreased from the FY 2016 Adopted Budget amount of $1.7 million to $1.6 million for FY 2017. Beyond FY 2017, Supplemental COLA expenses are projected to decrease annually.

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Priority Initiatives

The FY 2017-2021 Outlook focuses on four priority initiatives:

- Infrastructure and Neighborhood Investment;
- Public Safety;
- Technology Improvements, and;
- Customer Service and Open Government.

The following sections provide a detailed description of each of the priority initiative revenue and expenditure adjustments and the anticipated improvements to City services. General Fund Department submissions have been categorized by priority initiative for presentation in the FY 2017-2021 Outlook. In total, the implementation of the priority initiatives is projected to increase revenues by $2.0 million and expenditures by approximately $50.8 million in FY 2017. The investment in priority initiatives throughout the Outlook period is cumulatively $430.6 million in expenditures from FY 2017 to FY 2021. The following table displays the total revenue and expenditure adjustments identified within each of the four priority initiatives.

($ in millions)

PRIORITY INITIATIVE CATEGORIES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Infrastructure and Neighborhood Investment					
Revenue	$ 1.3	$ 1.5	$ 0.9	$ 1.0	$ 1.0
Expense	$ 41.6	$ 53.6	$ 76.4	$ 86.8	$ 94.0
Public Safety					
Revenue	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2
Expense	$ 4.9	$ 13.4	$ 9.8	$ 14.6	$ 16.1
Technology Improvements					
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 3.0	$ 3.7	$ 2.5	$ 2.2	$ 1.9
Customer Service and Open Government					
Revenue	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4
Expense	$ 1.3	$ 1.4	$ 1.4	$ 1.1	$ 0.8
Total Revenue	**$ 2.0**	**$ 2.1**	**$ 1.5**	**$ 1.6**	**$ 1.6**
Total Expense	**$ 50.8**	**$ 72.1**	**$ 90.2**	**$ 104.7**	**$ 112.8**

Infrastructure and Neighborhood Investment

The Infrastructure and Neighborhood Investment Priority Initiative focuses on revitalizing communities by prioritizing infrastructure investments. The City's General Fund departments have identified critical programs and projects that are anticipated to occur during the Outlook period and will allow the City to provide enhancements to parks, recreational facilities, libraries, and operational support. In addition, capital improvement projects have been identified to focus on streets, sidewalks, streetlights, and storm drain infrastructure to improve transportation and access to services.

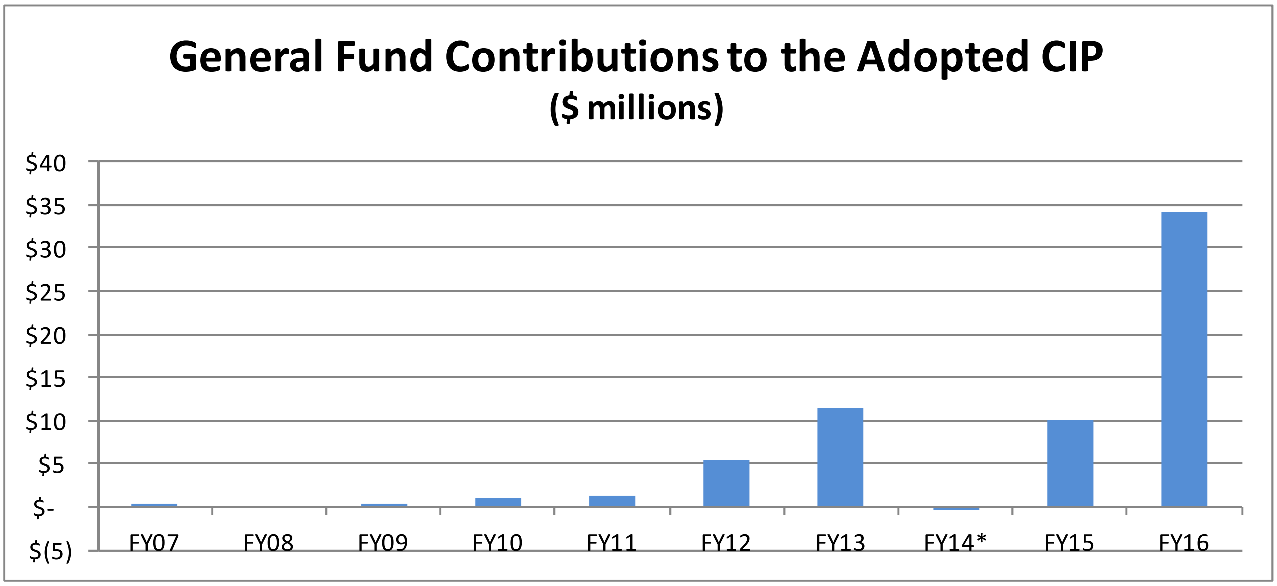
As discussed earlier in this report, the Mayor continues to increase General Fund contributions to the City's CIP through the pledge to commit at least 50 percent of new major General Fund revenue growth to infrastructure improvements within the City. For FY 2017, new major General Fund revenue growth is projected to total $32.2 million, resulting in a $16.1 million minimum target to be allocated towards infrastructure improvements. The Infrastructure and Neighborhood Investment Priority Initiative allocation is projected to more than double throughout the Outlook period. Total expenditures for the Infrastructure and Neighborhood priority needs are projected to increase in each year of the Outlook period, as are the amounts allocated to infrastructure. For each year of the Outlook, the amount allocated to infrastructure exceeds the minimum target of 50 percent of new major revenue growth.

The following table displays the total revenue and expenditure adjustments by department identified within the Infrastructure and Neighborhood Investment Priority Initiative.

Revenue/Expense	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Environmental Services	996,000	416,000	(164,000)	(44,000)	(44,000)
Park & Recreation	4,000	8,300	9,300	9,300	9,300
Transportation & Storm Water	341,836	1,059,683	1,056,083	1,056,083	1,056,083
Total Revenue	**1,341,836**	**1,483,983**	**901,383**	**1,021,383**	**1,021,383**
Citywide Program Expenditures	8,983,242	11,178,139	13,396,024	17,106,387	16,618,480
Environmental Services	2,692,695	3,134,165	3,183,450	3,496,669	3,339,103
Fleet Services	5,500,000	8,000,000	10,000,000	10,000,000	10,000,000
Library	-	272,624	1,204,240	2,009,351	1,609,351
Park & Recreation	4,081,094	4,955,752	5,675,081	6,300,423	6,470,880
Public Works - General Services	2,434,096	4,238,623	5,994,949	7,739,923	9,501,651
Real Estate Assets	2,900,000	3,200,000	-	-	-
Transportation & Storm Water	15,030,969	18,604,089	36,983,767	40,170,002	46,452,483
Total Expenditures	**41,622,097**	**53,583,391**	**76,437,510**	**86,822,755**	**93,991,947**

Capital Improvements

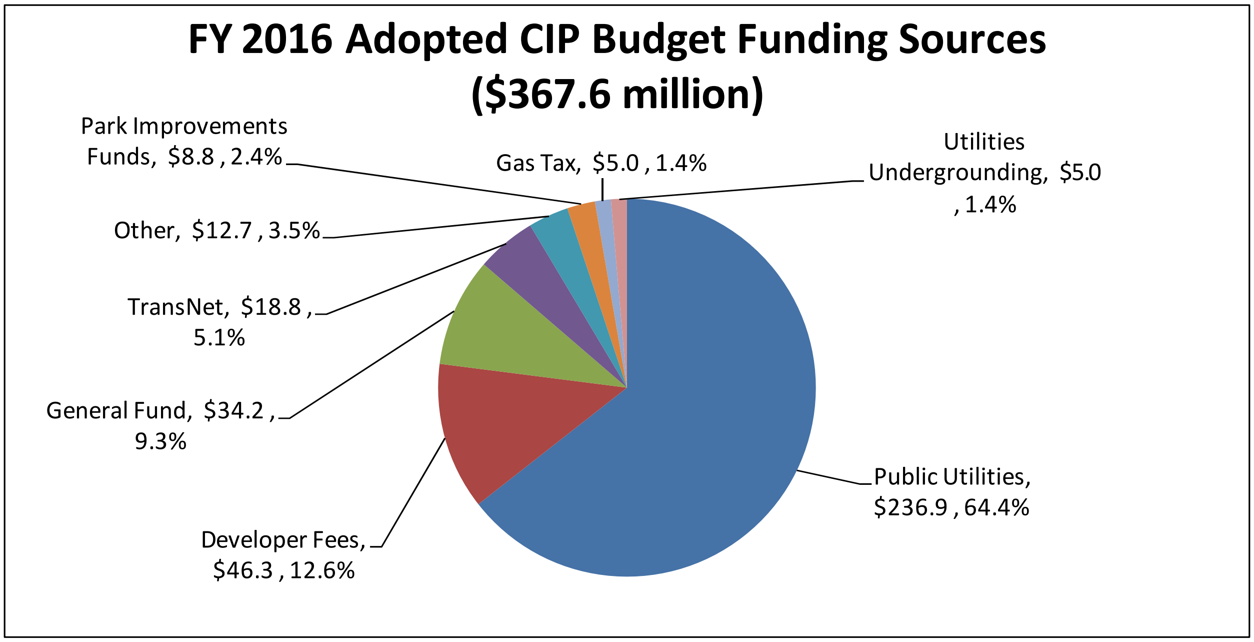
Since assuming office and starting with FY 2015 budget, the Mayor has pledged to commit at least 50 percent of new major General Fund revenue growth to infrastructure improvements. As a result of this pledge, General Fund contributions to the Capital Improvements Program (CIP) have grown. The graph below shows the General Fund contributions to the CIP from the Adopted Budget over the past ten years. Note that the chart includes only those infrastructure investments that are capital in nature and does not include investments in ongoing maintenance and repair of infrastructure.



*FY 2014 has a $3 million reduction from CIP base to offset General Fund operations (prior administration)

The General Fund is not a primary funding source of the City's CIP. Primary sources of funding for the City's CIP include, but are not limited to, Capital Outlay (General Fund land sales, restricted for CIP per Charter), Water and Sewer Funds, Development Fees, TransNet, Park Improvement Funds, Gas Tax, and Utility Undergrounding Funds.

By way of example, the following chart displays a breakdown of funding sources included in the Fiscal Year 2016 Adopted CIP Budget, including other funding sources in addition to the General Fund.



The largest source of funding for the CIP is from the Public Utilities funds for Water and Sewer projects. Together, these funds made up 64.4 percent of the total CIP added in the Fiscal Year 2016 Adopted Budget. These funds account for specific water and sewer services that are funded directly by fees and charges to ratepayers. These services and projects are intended to be fully self-supporting and are not subsidized by any general revenue or taxes. Also, as the City implements the Pure Water program, the Public Utility Department's CIP portion will grow significantly.

Development fees were the second largest funding source of the FY 2016 CIP Adopted Budget, accounting for 12.6 percent. These fees are paid by developers to help fund public facilities in communities impacted by new development are restricted for expenditure only in the communities where the fees are collected. Examples of this include Development Impact Fees (DIF) and Facilities Benefit Assessments (FBA).

TransNet, a one-half cent local sales tax, is a major source of funding for traffic congestion relief and transportation improvements. In FY 2016, TransNet accounted for 5.1 percent of the Adopted CIP Budget. This is a major source of revenue for roadway enhancement projects in the CIP, as well as bikeway and pedestrian projects.

The FY 2017-2021 Outlook focuses specifically on the General Fund investments in infrastructure and does not include detailed analysis of the other sources of funding for capital investments like those listed above. Projections for these funding sources will be addressed in the updated Fiscal Year 2017-2021 Multi-Year Capital Outlook that will be released in the coming months. The Multi-Year Capital Outlook will provide an update on the current state of capital planning efforts, a review of service level standards, and a comparison of capital needs and cost estimates against known revenue sources.

As the Outlook focuses on the General Fund, the following sections provide detailed information on the department requests included within the Infrastructure and Neighborhood Investment Priority Initiative.

Transportation & Storm Water Department – Street Division

On April 21, 2015, the Mayor presented the Street Pavement Repair Program report to City Council. This report provided detailed information about the Mayor's goal of performing 1,000 miles of street repairs in five years.

In order to provide the latest information about street conditions to City leaders and asset managers, the City periodically conducts street condition assessments. The City recently completed its latest Citywide street assessment survey. The survey results are anticipated to be released in a report in early calendar year 2016. This will provide the City with updated information on the required repairs to meet the City's street condition goals, as well as the updated average OCI of the City's streets. Once available, this information will be used in the development of the Fiscal Year 2017 Proposed Budget.

The Street Pavement Repair Program also included an update on proposed issuances of Lease Revenue Bonds, which provide a significant source of funding for capital improvements. The Street Pavement Repair Program recommended that in order to meet the Mayor's goals for street repairs, up to two-thirds of future bond issuances would be used to support the prioritization of road repair. The actual proportion of funds recommended to be used may change based upon the street annual work program, and assessment of work completed, as well as an analysis of funds available in other eligible fund sources. The FY 2017-2021 Outlook assumes bond issuances as recommended in the Street Pavement Repair Program.

The following table displays the anticipated capital bond issuances assumed in the FY 2017-2021 Outlook, as well as the debt service payments included in the projections for FY 2017 through FY 2021 for those capital bond issuances. As stated above, up to two-thirds of these bonds will support road repair with the remaining balance allocated to critical facilities and storm drain infrastructure improvements. Timing of the bond issuances will depend on the need for capital and spend down of existing funding sources.

(in millions)

Deferred Capital (DC) Bond Issuance	FY 2016 Adopted	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Deferred Capital 1 - $103.3 million	$ 7.4	$ 7.4	$ 7.4	$ 7.4	$ 7.4	$ 7.4
Deferred Capital 2 - $75.0 million	$ 4.6	$ 4.6	$ 4.6	$ 4.6	$ 4.6	$ 4.6
Deferred Capital 2A - $35.0 million	$ 2.2	$ 2.2	$ 2.2	$ 2.2	$ 2.2	$ 2.2
Deferred Capital 3 - $120.0 million	$ 6.9	$ 6.9	$ 6.9	$ 6.9	$ 6.9	$ 6.9
Deferred Capital Proposed Bond Issuances[1]						
Deferred Capital 4 - $90.0 million		$ 2.0	$ 5.7	$ 5.7	$ 5.7	$ 5.7
Deferred Capital 5 - $90.0 million			$ 2.0	$ 5.7	$ 5.7	$ 5.7
Deferred Capital 6 - $90.0 million				$ 2.0	$ 5.7	$ 5.2
Subtotal - Increases for the FY 2017-2021 Outlook		**$ 2.0**	**$ 7.7**	**$ 13.4**	**$ 17.1**	**$ 16.6**
Total Deferred Captial Bond Issuance Debt Service	**$ 21.1**	**$ 23.1**	**$ 28.8**	**$ 34.5**	**$ 38.2**	**$ 37.7**

1. Assumptions: DC 4 to be issued in October 2016, DC 5 to be issued in October 2017, DC 6 to be issued in October 2018. All projections for the Proposed Issuances are based on an assumed borrowing cost interest rate of approximately 4.6%

Streets, Sidewalks, and Active & Other Transportation

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	18.00	24.00	24.00	24.00	24.00
Revenue	$ -	$ 326,250	$ 322,650	$ 322,650	$ 322,650
Expense	$ 7,269,591	$ 10,873,214	$21,071,311	$22,571,311	$28,451,311

This Outlook includes the addition of personnel and non-personnel expenses for new projects related to streets, sidewalks, and transportation-related needs projected during the FY 2017-2021 Outlook period and displays the City's commitment to investing in transportation infrastructure by increasing funding for street repairs, sidewalk repair and replacement, as well as support for traffic mitigation projects throughout the City. It includes funding for the installation of missing sidewalks, curbs/gutters, ADA ramps, and crosswalk improvements. For FY 2019 through FY 2021, specific projects for a portion of these funds are still to be identified through updated condition assessment information and the annual budget process. This request ensures continued General Fund increases in the Mayor's commitment to improving the City's network infrastructure of streets, sidewalks, and streetlights. The amount of funding is in addition to other funding sources (i.e. TransNet, Proposition 42 Replacement, Street Damage Fees, etc.) for capital investments.

Transportation & Storm Water Department – Storm Water Projects

The City of San Diego has over 48,000 storm drain structures, 700 miles of drainage pipe, and 15 storm water pump stations. On May 8, 2013, the Regional Water Quality Control

Board (RWQCB) issued a new storm water permit in order to establish the conditions under which pollutants can be discharged from the City's storm drain system to local streams, coastal lagoons, and the ocean. The permit requires compliance with the federal Clean Water Act and storm water regulations. The City of San Diego is one of 21 entities in the San Diego region affected by the new storm water permit which took effect in July 2013 and requires all entities to come into compliance with the water quality regulations by calendar year 2018. This permit consolidated storm water regulations for Total Maximum Daily Load (TMDL) for metals and bacteria and Areas of Special Biological Significance (ASBS) requirements. With a deadline of calendar year 2018 to comply with the new water quality regulations, the Storm Water Division will require significant increases in funding for both operating and capital expenses throughout the Outlook period.

In addition to operating expenses, CIP requirements to comply with the permit are significant each year with $75.6 million needed in FY 2017 increasing to $120.3 million by FY 2021. This Outlook addresses a small portion of the anticipated capital need through FY 2021. Of the $90.0 million infrastructure bond issue planned for FY 2017, $18.0 million is anticipated to be allocated for storm drain infrastructure improvements. An additional $5.5 million is anticipated to be transferred from the Storm Water Division's Operations and Maintenance budget each year, to support storm water CIP projects. To remain in compliance with the permit, an additional $128.7 million is anticipated to be required in CIP storm water infrastructure funding in FY 2017. These operating and capital funding needs are the minimum amounts necessary to meet and comply with the new storm water permit by calendar year 2018.

It is important to note that the City of San Diego is working with the California Regional Water Quality Control Board and the State Water Board to encourage reasonable and responsible implementation of storm water regulations in the State of California, which could beneficially impact the projected funding needs discussed above.

Storm Water – Flood Risk Management

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	14.00	26.00	30.00	30.00	32.00
Revenue	$ 341,836	$ 733,433	$ 733,433	$ 733,433	$ 733,433
Expense	$ 4,963,151	$ 5,815,467	$13,498,856	$14,478,856	$14,624,031

This request includes the addition of personnel and non-personnel expenses for new projects related to managing flood risks within the City. These operating increases amount to 14.00 FTEs and $5.0 million in FY 2017 for Flood Risk Management. The amount of expenditures allocated to these programs increases over the five year period to a total increase of 32.00 FTEs and $14.6 million by FY 2021. Flood risk projects include but are not limited to the following:

- Environmental mitigation and planning projects.
- Cost for increased fees for obtaining permits associated to planned projects.
- Channel inspection and cleaning to support increased channel dredging activities.
- Environmental permitting and maintenance of critical storm water infrastructure.
- Design and construction support for emergency projects, storm drain structure repair, and long-term operational planning of storm water facilities.
- Pipe maintenance and repair for flood risk related tasks.

Storm Water – Water Quality Improvement Projects

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	14.00	20.00	23.00	27.00	27.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 2,798,227	$ 1,915,408	$ 2,413,600	$ 3,119,835	$ 3,377,141

This request includes the addition of personnel and non-personnel expenses related to new water quality projects. These operating increases amount to 14.00 FTEs and $2.8 million in FY 2017. The amount of expenditures allocated to these programs increases over the five year period to a total of 27.00 FTEs and $3.4 million by FY 2021. Water quality improvement projects include but are not limited to the following:

- Storm water permit compliance projects consistent with the Jurisdictional Runoff Management Plan, including monitoring, inspections, and policy and enforcement.
- Storm water infrastructure and development of a Master Drainage Plan.
- Pump maintenance and repair, including low flow diversion system assets.
- Tasks associated with structural inspection and cleaning of catch basins.
- Watershed planning projects including annual assessments and development of programs in line with the Watershed Asset Management Plan.
- Required street sweeping for compliance with the Storm Water Permit obligations.

Citywide Program Expenditures

Deferred Capital Debt Service

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 1,988,827	$ 7,694,196	$13,396,024	$17,106,387	$16,618,480

The FY 2017-2021 Outlook assumes bond issuances and associated debt service as recommended in the Street Pavement Repair Program.

Infrastructure Asset Management (IAM)

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 6,994,415	$ 3,483,943	$ -	$ -	$ -

The Infrastructure Asset Management (IAM) implementation is a strategic project for investment in, and support of, the Citywide ERP System. The IAM project includes General Fund implementation costs and software maintenance. This project provides for the establishment of an integrated, real-time ERP asset management software solution that builds upon the existing Citywide ERP platform and will enable staff to conduct in-depth analysis of maintenance activities, develop effective predictive and preventative maintenance and capital renewal plans, and better leverage resources. Citywide, multiple legacy maintenance management systems will be replaced with one solution resulting in increased operational efficiencies while reducing annual software maintenance expenses.

Library Department

Branch Library Expansions

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	2.00	5.67	5.67	5.67
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 272,624	$ 804,240	$ 804,240	$ 804,240

Three branch libraries are anticipated to undergo expansion during the Outlook period, the Skyline Branch Library, the Mission Hills Branch Library, and the San Ysidro Branch Library.

The Skyline Branch will be expanding from 4,400 square feet to 15,000 square feet in FY 2018. The Mission Hills Branch and San Ysidro Branch will each be expanding from approximately 4,000 square feet to 15,000 square feet in FY 2019. These branch library expansions have been identified for funding in the third Deferred Capital (DC3) bond issuance which will fund the capital cost of the expansions, while the increase for additional personnel and non-personnel operating expenditures are reflected in the table above. Non-personnel expenditure additions include supplies, energy and utility costs, and contractual costs for landscaping, security, and janitorial services.

New Pacific Highlands Ranch Library

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	8.50	8.50
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ -	$ -	$ 805,111	$ 805,111

The addition of personnel and non-personnel operating expenditures for the New Pacific Highlands Ranch Library are reflected in the table above. Non-personnel expenditure additions include supplies, energy and utility costs, and contractual costs for landscaping, security, and janitorial services. The new Pacific Highlands Ranch Library is planned to be 20,000 square feet and with construction complete in FY 2020.

Public Use Personal Computer (PC) Refresh

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ -	$ 400,000	$ 400,000	$ -

As a result of public use PCs not currently covered under the City's staff use computer replacement plan, this request includes expenses related to updating all public use PCs every five years. All library public use PCs were last renewed in FY 2013 and FY 2014.

Park & Recreation Department

Resources for New and Enhanced Facilities

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	20.88	32.98	44.05	50.25	51.25
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 2,560,956	$ 3,053,066	$ 3,927,666	$ 4,419,993	$ 4,446,658

This request includes the addition of personnel and non-personnel expenses for new and enhanced Park and Recreation Facilities projected to open during the Outlook period. This request displays the City's commitment to investing in neighborhood services by increasing the access to Park and Recreation facilities throughout the City. New Park and Recreation facilities projected for the FY 2017-2021 Outlook period include mini-parks, pocket parks, and joint-use athletic fields. While the construction and expansion costs are typically paid entirely by developer fees, this request includes the additional personnel and non-personnel expenditures needed to maintain and operate the new and enhanced facilities. The following table provides the facilities and associated FTE additions by fiscal year.

Fiscal Year	Facility	New / Enhancement	FTE Adds per Fiscal Year
FY 2017	Angier Elementary School Joint Use	New	0.30
	Black Mountain Ranch Community Park - Phase 2	Enhancement	2.30
	Canyonside Community Park	Enhancement	0.20
	Civita Central Park	New	0.00
	Del Mar Mesa Neighborhood Park	New	0.90
	Del Sur Neighborhood Park	New	1.00
	Mira Mesa Community Park - Phase 1	Enhancement	1.30
	Old San Ysidro Fire Station Park	New	0.05
	Phyllis Place Park	New	0.33
	Southcrest Trails	New	0.50
	Torrey Meadows Neighborhood Park	New	0.80
	Wightman Street Neighborhood Park	New	0.20
	Area Manager Support for New Facilities	Enhancement	2.00
	Citywide Maintenance Support for Community Parks	New and Enhancement	7.00
	Open Space Additional Acres	New and Enhancement	4.00
		TOTAL FY 2017	**20.88**
FY 2018	Carmel Valley Neighborhood Park	New	0.40
	Linda Vista Skate Park	Enhancement	0.50
	Pacific Breezes Community Park	New	2.00
	Pacific Highlands Ranch Community Park	New	5.50
	Park de la Cruz Skate Park	Enhancement	0.50
	Salk Neighborhood Park & Joint Use	New	1.00
	Valencia Park	New	0.20
	Citywide Maintenance Support	New and Enhancement	1.00
	Open Space Additional Acres	New and Enhancement	1.00
		TOTAL FY 2018	**12.10**

Fiscal Year	Facility	New / Enhancement	FTE Adds per Fiscal Year
FY 2019	Cannon Street Mini Park	New	0.10
	Canyon Hills Resource Park Improvements	New	1.10
	Creative Performing & Media Arts Joint Use	New	0.60
	East Village Greens	New	4.87
	Fairbrook Neighborhood Park	New	0.20
	Franklin Ridge Pocket Park	New	0.00
	North Park Mini Park	New	0.10
	Riviera Del Sol Neighborhood Park	New	0.60
	Treena Mesa Joint Use Sports Field	New	0.50
	Citywide Maintenance Support	New and Enhancement	2.00
	Open Space Additional Acres	New and Enhancement	1.00
		TOTAL FY 2019	**11.07**
FY 2020	Cubberley Elementary Joint Use	New	0.40
	Dennery Ranch Neighborhood Park	New	1.50
	Gage Elementary Joint Use	New	0.60
	Hidden Trails Neighborhood Park	New	0.40
	Wangenheim Joint Use Facility	Enhancement	0.30
	Citywide Maintenance Support	New and Enhancement	2.00
	Open Space Additional Acres	New and Enhancement	1.00
		TOTAL FY 2020	**6.20**
FY 2021	Open Space Additional Acres	New and Enhancement	1.00
		TOTAL FY 2021	**1.00**
TOTAL	**TOTAL FTE within the FY 2017-FY 2021 Outlook Period**		**51.25**

Maintenance Assessment Districts (MADs) Proposition 218

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 105,300	$ 219,129	$ 342,179	$ 475,195	$ 618,986

This request is related to the anticipated increase in the General Fund's proportionate share of expenses associated with re-engineering the City's MADs. The City currently has 57 MADs, of which 49 are administered by the Park and Recreation Department and eight are administered by the Economic Development Department. As a result of updated re-apportionment of the general and special benefit allotments, the General Fund will need to fund general benefits in FY 2017 and each year beyond.

Playground Outlay and Rubberized Surfacing

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	3.00	3.00	3.00	3.00	3.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 472,440	$ 352,440	$ 352,440	$ 352,440	$ 352,440

This request includes the addition of personnel and non-personnel expenses for the repair and replacement of playground equipment and rubberized surfaces that are nearing the end of useful life. This request will provide a specialized crew and vehicles to perform the required work.

La Jolla Cove Odor Mitigation

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000

This request is for the service and material contract for bioactive spray which eliminates odor caused by animal waste on the bluffs at the La Jolla Cove. This request provides for an increase in service levels with spraying preformed increasing from once per month to twice per month.

Support for Expanded Hours at Recreation Centers

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	9.00	14.00	23.00	23.00	23.00
Revenue	$ 4,000	$ 8,300	$ 9,300	$ 9,300	$ 9,300
Expense	$ 392,398	$ 610,398	$ 1,002,796	$ 1,002,796	$ 1,002,796

This request is for additional personnel and non-personnel expenditures as a result of expanding operating hours at recreation centers throughout the City. This funding will also improve internal controls, safety, customer service and programming.

Pershing Joint Use Synthetic Turf Replacement

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 500,000	$ 670,720	$ -	$ -	$ -

Per the Joint Use Agreement with the San Diego Unified School District (SDUSD), the City is responsible for the replacement of the artificial turf at the Pershing Joint Use facility.

Environmental Services Department

Compressed Natural Gas (CNG) Fueling Station

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 615,000	$ 440,470	$ 151,755	$ (181,026)	$ (338,592)

This request is for the construction of a Compressed Natural Gas (CNG) Fueling Station at the Miramar Operations Center. The CNG Fueling Station will allow for the conversion of the City's fleet of refuse and recycling vehicles from diesel to natural gas, consistent with the strategies of the City's Climate Action Plan. The amount requested includes the estimated General Fund share of debt service and operating expenses necessary to construct and operate the CNG fueling station. Once operational, the General Fund will directly benefit from this facility in the form of fuel cost savings as displayed in the table above for FY 2020 and FY 2021.

Zero Waste

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	18.00	18.00	18.00	18.00	18.00
Revenue	$ 1,576,000	$ 1,576,000	$ 1,576,000	$ 2,276,000	$ 2,276,000
Expense	$ 1,461,695	$ 1,461,695	$ 1,799,695	$ 2,137,695	$ 2,137,695

This request provides revenue, personnel, and non-personnel expenditures related to the City's implementation of the Zero Waste Plan which was approved by City Council in July 2015. The Zero Waste Plan calls for a reduction in waste disposed at the landfill by handling discarded materials as commodities for reuse rather than commodities for disposal; and conserving those commodities through waste prevention, recycling, composting, and other technologies. This request to implement the Zero Waste Plan includes the following adjustments:

- An increase in revenue of $1.7 million in each year of the Outlook as a result of changing the assessment methodology of refuse hauler franchise fees from tons disposed to tons collected within the City.
- An increase in revenue of $0.7 million in FY 2020 and FY 2021 as a result of a $1.00 increase per ton to the refuse hauler franchise fee.

- A decrease in revenues of $0.1 million in each year of the Outlook due to a reduction in the Refuse Collector Business Tax (RCBT) revenue as a result of fibrous greens changing from the trash rate to greens at the Miramar Landfill.
- Personnel and non-personnel expenditures resulting from transferring the Citywide Solid Waste Code Enforcement Program to the General Fund as part of the Zero Waste Plan. This Citywide program includes 18 FTEs and provides transient camp inspections and abatements; illegal dumping and scavenging enforcements; hazardous waste investigations and violations. Personnel and non-personnel expenditures total $1.5 million in FY 2017 and FY 2018, $1.8 million in FY 2019, and $2.1 million in FY 2020 and FY 2021.

Environmental Services Department Five-Year Outlook

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ (580,000)	$ (1,160,000)	$ (1,740,000)	$ (2,320,000)	$ (2,320,000)
Expense	$ 616,000	$ 1,232,000	$ 1,232,000	$ 1,540,000	$ 1,540,000

This request reflects three adjustments that were approved by City Council in May 2015 as part of the Environmental Services Department's Enterprise Funds Five-Year Financial Outlook. This request reflects the following:

- A decrease of revenue to the General Fund related to the Sycamore Canyon Landfill Facility Franchise Agreement. Beginning in FY 2016, 20 percent of the revenue will be allocated each year from the General Fund to the Recycling Enterprise Fund until all revenue is collected in the Recycling Enterprise Fund which will occur in FY 2020.
- An increase of non-personnel expenditures for General Fund departments' disposal fees at the Miramar Landfill. The disposal fee will increase $1 per ton in FY 2018 and increase an additional $1 per ton in FY 2020.
- An increase of non-personnel expenditures related to the elimination of the General Fund City Forces $5 per ton tipping fee discount. The elimination of the tipping fee discount will be implemented over three years which began with $2 per ton in FY 2016 and will continue with $2 per ton in FY 2017 and $1 per ton in FY 2018.

Fleet Services Department

General Fund Assignment Fees

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 5,500,000	$ 8,000,000	$10,000,000	$10,000,000	$10,000,000

This request is related to the General Fund vehicle assignment fees to be transferred to the Fleet Services Operating Fund for planned replacement of the City's aging fleet. Assignment fees provide all City departments with automotive equipment and comprehensive fleet management services, including vehicle acquisition and fitting, vehicle maintenance and repair, provision of parts and fuel, vehicle body repair, vehicle painting, metal fabrication, disposal services, machining, equipment rental, and operator training. This funding approach reflects the replacement of current active vehicles past useful life based on available resources. The City has retained a consultant, Huron Consulting Group, to conduct phased replacement proposal which is to be released in late FY 2016. The preliminary results of this analysis were used in estimating the future increased cost to the General Fund to purchase fire trucks, street sweeper vehicles, trash collection trucks, and other critical General Fund vehicles to improve services to every community.

Real Estate Assets

Civic Center Plaza (CCP) Reconfigurations

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 2,900,000	$ 3,200,000	$ -	$ -	$ -

This request includes the addition non-personnel expenditures of $2.9 million in FY 2017 for moving expenses, furniture, and information technology infrastructure. This request also includes $3.2 million in non-personnel expenditures in FY 2018 for additional furniture and information technology infrastructure.

Public Works – General Services

Facilities Condition Assessment

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000

This request includes expense related to the condition assessment consultant services for capital and maintenance planning. Public Works has identified a need to continuously assess the condition of General Fund facilities to maintain a current inventory of needs to better plan for appropriate maintenance and operation of those facilities.

Industry Standard / CIP Infrastructure Maintenance

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	21.00	42.00	63.00	84.00	105.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 2,184,096	$ 3,988,623	$ 5,744,949	$ 7,489,923	$ 9,251,651

This request is associated with the anticipated investment of approximately $100.0 million in infrastructure throughout the City each fiscal year. The request includes the addition of personnel and non-personnel expenses for positions, supplies, and training expenses needed for upkeep and preventative maintenance for facilities. The industry standard with prior year experience and anticipated future needs were used as a guideline to project costs.

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Public Safety

The Public Safety Priority Initiative focuses on critical public safety needs by prioritizing projected new revenues for Police, Fire-Rescue, and Homeland Security services. These General Fund departments have identified critical programs and projects during the Outlook period that will support increased public safety.

For FY 2017, the Public Safety Priority Initiative is projected to increase expenditures by $4.9 million, growing to $16.1 million in FY 2021. The following table displays the total expenditure adjustments by department identified within the Public Safety Priority Initiative.

Department	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Office of Homeland Security	$ 229,013	$ 229,013	$ 229,013	$ 229,013	$ 229,013
Total Revenue	**$ 229,013**	**$ 229,013**	**$ 229,013**	**$ 229,013**	**$ 229,013**
Fire-Rescue	$ 1,877,419	$ 4,806,225	$ 4,385,936	$ 8,516,225	$ 10,142,964
Office of Homeland Security	$ 296,556	$ 296,556	$ 296,556	$ 296,556	$ 296,556
Police	$ 2,690,928	$ 8,255,971	$ 5,145,172	$ 5,815,390	$ 5,685,607
Total Expense	**$ 4,864,904**	**$ 13,358,753**	**$ 9,827,665**	**$ 14,628,171**	**$ 16,125,127**

Fire-Rescue Department

Fire Academy

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 599,131	$ 599,131	$ 599,131	$ 599,131	$ 599,131

The FY 2017-2021 Baseline Projections includes funding for one fire academy in each year of the Outlook period. This priority initiative request provides funding for an additional fire academy in each fiscal year for a total of two fire academies per year. This request includes the personnel expenses for the academy coordinator, classroom instructors, administrative support, and the backfilling of positions. The request also includes funding for non-personnel expenditures related to candidate screening, training supplies, and equipment.

New Fire Station Facilities

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	12.00	12.00	12.00	72.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 850,000	$ 1,298,805	$ 1,298,805	$ 5,148,805	$ 7,662,833

Five new fire stations are anticipated to be added within the Fire-Rescue Department during the Outlook period. Based on the FY 2016 Adopted CIP Budget, these new stations are anticipated to become operational in the following years:

Fiscal Year 2018:

- Bayside Fire Station

Fiscal Year 2021:

- College Avenue Fire Station
- Home Avenue Fire Station
- Paradise Hills Fire Station
- North University City Fire Station

This request provides funding for operational expenses as each new fire station will require personnel, the purchase of a new fire engine(s), and firefighter safety tools and apparatus equipment.

Public Safety – Computer Aided Dispatch (CAD) System

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 176,000	$ 176,000	$ 176,000	$ 176,000	$ 176,000

This request includes the addition of non-personnel expenditures for the ongoing maintenance of the Fire-Rescue Department's portion of the Public Safety CAD Network Project. The CAD System supports the City's 911 emergency call services and is used to dispatch and monitor the status of public safety resources in the field. These maintenance costs are to support the physical equipment such as servers, switches, cabling, and port fees.

Personal Protective Equipment

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ -	$ 607,000	$ 635,000	$ -

This request is in addition to the baseline budget for personal protective equipment and includes non-personnel expenses for the replacement of personal protective equipment for first responders in order to comply with national standards and to maintain fire-rescue safety equipment for firefighters. This request will replace a significant amount of personal protective equipment due to age and expiration of useful life.

Infrastructure for Public Safety Back-Up Dispatch Center

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 800,000	$ 25,000	$ 25,000	$ 25,000

This request is for a backup dispatch center needed for the emergency use of Police and Fire-Rescue dispatchers at the Chollas facility. This request includes non-personnel expenses to establish a back-up dispatch center. The expenses include building improvements, ADA compliance, furnishings, information technology infrastructure, and ongoing maintenance costs associated with the back-up dispatch center.

Self-Contained Breathing Apparatus (SBCA)

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000

This request reflects financing costs to ensure the safety of firefighters by replacing self-contained breathing apparatuses (SCBA) and air filling stations. The request is to replace all SCBA inventory at once to ensure proper compatibility and training. SCBAs are critical to the health and safety of firefighters as they provide breathable air in toxic environments. This request reflects the annual lease expense (five-year term) for $8.0 million in SBCA equipment.

Advanced Lifeguard Academy

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	2.88	2.88	-	2.88	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 252,288	$ 252,288	$ -	$ 252,288	$ -

This request includes the addition of personnel and non-personnel expenditures for an advanced lifeguard academy in FY 2017, FY 2018, and FY 2020 to outpace attrition and continue filling vacancies. Participation in an advanced lifeguard academy is a requirement in becoming a full-time lifeguard with the City's Lifeguard Division. The Advanced Lifeguard Academy provides advanced training in disciplines that include law enforcement, cliff rescue, and swift water rescue.

Office of Homeland Security

Alternate Emergency Operations Center Lease

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 44,343	$ 44,343	$ 44,343	$ 44,343	$ 44,343

Addition of expenditures related to the lease of an Alternate Emergency Operations Center. The lease for an Alternate Emergency Operations Center is to ensure the City has the space and capability needed for a Continuity of Operations Plan in the event of an emergency.

Urban Area Security Initiative (UASI) Improvement

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	3.00	3.00	3.00	3.00	3.00
Revenue	$ 310,181	$ 310,181	$ 310,181	$ 310,181	$ 310,181
Expense	$ 252,213	$ 252,213	$ 252,213	$ 252,213	$ 252,213

The following request relates to the addition of 3.00 FTE in order to support the Urban Area Security Initiative (UASI) improvement program and improve Federal and State audit compliance.

Reduction in Grant Funding

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ (81,168)	$ (81,168)	$ (81,168)	$ (81,168)	$ (81,168)
Expense	$ -	$ -	$ -	$ -	$ -

This request decreases grant revenue as a result of a Supervising Homeland Security Coordinator position transitioning from the UASI grant to be funded by the General Fund. This request will ensure the continuity of the position independent of external grant sources, to support Prevention and Protection planning, and Response and Recovery planning.

Police Department

The Police Department developed a Five-Year Plan (FY 2014 – FY 2018) as a framework to begin the process of rebuilding the Department in the areas most impacted by past budget reductions. The Department's Five-Year Plan was first presented to City Council during FY 2013 and was updated and approved by City Council on November 5, 2013, although funding was not identified at that time. The approved plan includes both sworn and civilian personnel and equipment needed to achieve greater levels of service in the coming years. Although the full Police Department Five-Year Plan is not included within the FY 2017-2021 Outlook, the Plan is the basis for prioritizing the Department's requests within the City's limited resources.

The following tables detail the sworn and civilian positions, as well as equipment expenditures included within the FY 2017-2021 Outlook.

Sworn Positions and Equipment

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	5.00	10.00	15.00	20.00	25.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 281,360	$ 731,536	$ 1,181,711	$ 1,631,887	$ 2,082,063

This request provides for the addition of personnel and non-personnel expense to support an increase in new recruits within the Police Department. This request provides for the addition of 25.00 FTE Police Officer positions within the Outlook period, and associated equipment and supplies.

Civilian Positions and Equipment

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	3.00	6.00	9.00	12.00	15.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 180,568	$ 361,136	$ 550,160	$ 720,203	$ 890,244

This request provides for the addition of 15.00 FTE civilian positions and related equipment within the Police Department during the FY 2017-2021 Outlook period. Civilian positions requested include Dispatchers, Crime Lab staff, Property Clerks, Records staff, Police Service Officers, Police Investigative Aides, Analyst staff, and other various civilian positions. The request also includes non-personnel expenses for equipment and supplies for the new civilian positions.

Body Worn Cameras for New Police Officers

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000

This request includes expenses associated with the purchase of body worn cameras for new officers to implement the program throughout the entire Police Department. Body worn cameras are worn by police officers to record interactions with the public. The audio and visual recordings are stored digitally and used as evidence in court and for Department purposes. This request will provide the Police Department with 100 new cameras in each fiscal year for a total of 500 body worn cameras throughout the Outlook period.

Public Safety – Computer Aided Dispatch (CAD) System

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 829,000	$ 1,713,300	$ 1,713,300	$ 1,713,300	$ 1,713,300

This request includes non-personnel expense for annual debt service payments and the on-going maintenance contract for the Public Safety CAD System. The CAD System supports the City's 911 emergency call services and is used to dispatch and monitor the status of public safety resources in the field. Cost estimates include hardware, software, installation, and on-going maintenance expenses. The annual debt service payments are scheduled through FY 2024.

Property Room Storage

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 500,000	$ 500,000	$ 500,000	$ 500,000

This request includes the lease expenses associated with property storage needs due to the Department exceeding stored evidence capacity at multiple facilities. The Police Department is searching for a long-term solution to consolidate all storage needs into one site. The new storage facility will address the Police Department's requirements for the proper handling, packaging, and storage of physical evidence and property.

Infrastructure for Back-Up Dispatch Center

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 800,000	$ -	$ -	$ -

This request is for a backup dispatch center needed for the emergency use of Police and Fire-Rescue dispatchers at the Chollas facility. This request includes non-personnel expenses to establish a back-up dispatch center. The expenses include building improvements, ADA compliance, furnishings, and information technology infrastructure.

Early Identification & Intervention System (EIIS) Maintenance and Upgrade

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 500,000	$ 50,000	$ 100,000	$ 100,000

This request is associated with upgrade and maintenance of the Early Identification & Intervention (EIIS) system. The EIIS system is designed to capture and report on particular aspects of officer/employee activity. The system also serves as an early intervention and accountability tool that assists in identifying areas of an officer/employee's performance that can be improved upon with guidance from a supervisor. The current EIIS system needs to be upgraded to address recommendations outlined in the Police Executive Research Forum (PERF) report.

Maintenance of Existing Police Department Facilities

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ -

This request includes expenses needed to adequately maintain and improve safety to existing facilities that are used on a 24/7 basis. The expenses include flooring replacement, exterior door opening replacement, restroom and locker room repairs, and upgrades to security and parking lot lighting at all Police Department facilities.

File on Q Inventory System Maintenance

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000

This request includes non-personnel expense associated with the maintenance for the File on Q Inventory System, an automated system used by officers and detectives to impound and track the disposition of property and evidence.

Headquarters Facility Improvements

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 250,000	$ 2,500,000	$ -	$ -	$ -

This request includes the expense for capital facility improvements and a feasibility study in FY 2017 for projects at the downtown headquarters facility. FY 2018, expenditures include improvements to the heating, ventilation, and air conditioning (HVAC) system and elevators.

Technology Improvements

The Technology Improvements Priority Initiative focuses on improving the City's technology assets including upgrading operating systems, increasing IT security, and enhancing the Purchasing and Contracting, Human Resources and Financial Management modules within SAP. The City's Department of Information Technology has identified critical programs and projects that are anticipated to occur during the Outlook period that will allow the City to provide enhancements to technological assets and increase operational efficiency and enhance cyber security.

For FY 2017, the Technology Improvements Priority Initiative is projected to require an investment of $3.0 million. For FY 2021, the Technology Improvements Priority Initiative expenditure is reduced to $1.9 million as a result of efficiencies as the Department's requests move from implementation to ongoing maintenance. The following table displays the total expenditure adjustments within the Technology Improvements Priority Initiative.

Department of IT Funds	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Information Technology Fund	$ 789,237	$ 945,882	$ 627,282	$ 627,282	$ 839,682
OneSD Support Fund	$ 2,250,091	$ 2,773,021	$ 1,905,341	$ 1,557,181	$ 1,084,107
Total Expenditures	**$ 3,039,328**	**$ 3,718,903**	**$ 2,532,623**	**$ 2,184,463**	**$ 1,923,789**

Department of Information Technology (IT)

Transfer to Information Technology Fund

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 789,237	$ 945,882	$ 627,282	$ 627,282	$ 839,682

This request provides funding for the General Fund portion of the Information Technology Fund expenditures identified by the Department of IT, to occur during the FY 2017-2021 Outlook period. This request includes funding for the following:

- Funding for a cyber security and network monitoring system.
- Annual maintenance cost of the new email archive/e-discovery solution.
- Addition of 1.00 FTE Program Manager position to manage the Cyber-Security Continuous Monitoring Operations Center.

- Upgrade of the System Center Configuration Manager, which will increase the ability to deploy software to all desktop computers throughout the City.
- Upgrade of the Microsoft server operating systems to meet cyber security compliance and keep the City environment current with the latest Microsoft operating system.
- IT Consulting Services to help with contract management, pricing, and optimal solutions for the City.
- Implementation and support for a new data loss prevention system.
- Remote access software upgrade to allow City staff, contractors, and third party businesses working off-site to remotely connect to the City's networks.
- Upgrading desktops to Microsoft Windows 10 in FY 2019.

Transfer to OneSD Support Fund

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 2,250,091	$ 2,773,021	$ 1,905,341	$ 1,557,181	$ 1,084,107

This request provides funding for the General Fund portion of the OneSD Support Fund expenditures identified by the Department of IT, to occur during the FY 2017-2021 Outlook period. This request includes funding for the following:

- Support for Citywide SAP Purchasing & Contracting module enhancements.
- Addition of 1.00 FTE to assist with Citywide SAP functional training support.
- Implementation, training, and support for citywide SAP and non-SAP document storage and archiving solution.
- Upgrade of the Public Budget Formulation (PBF) Module to provide business process efficiencies and ensure continuous SAP service support.
- Implementation of Citywide SAP performance evaluation solution for classified employees.

Customer Service and Open Government

The Customer Service and Open Government Initiative focuses on increasing transparency through technology, increasing the ease of access to online resources for City searches, storage and retention of City emails, and implementation of the Open Data Policy. The City's General Fund departments have identified critical programs and projects that are anticipated to occur during the Outlook period and will allow the City to provide enhancements to software systems, compliance programs, and business processes to improve reporting, account management, and overall efficiency.

For FY 2017, the Customer Service and Open Government Priority Initiative is projected to increase revenues by $0.4 million and expenditures by $1.3 million. The following table displays the total revenue and expenditure adjustments by department identified within the Customer Service and Open Government Priority Initiative.

Revenue / Expense	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
City Treasurer	$ 118,726	$ 118,726	$ 118,726	$ 118,726	$ 118,726
Economic Development	$ 265,841	$ 265,841	$ 265,841	$ 265,841	$ 265,841
Total Revenue	**$ 384,568**	**$ 384,568**	**$ 384,568**	**$ 384,568**	**$ 384,568**
City Clerk	$ 63,200	$ 120,200	$ 56,200	$ 11,500	$ 12,700
City Comptroller	$ 59,438	$ 59,438	$ 59,438	$ 59,438	$ 59,438
City Treasurer	$ 251,326	$ 286,326	$ 251,326	$ 201,326	$ 201,326
Development Services	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -
Economic Development	$ 465,841	$ 465,841	$ 465,841	$ 465,841	$ 465,841
Personnel	$ 25,000	$ -	$ 39,000	$ 51,687	$ 64,775
Planning	$ 200,000	$ 300,000	$ 350,000	$ 75,000	$ -
Total Expenditures	**$ 1,264,806**	**$ 1,431,806**	**$ 1,421,806**	**$ 1,064,793**	**$ 804,081**

Office of City Clerk

Public Access to City Information and Records

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 63,200	$ 120,200	$ 56,200	$ 11,500	$ 12,700

This request includes in the addition of non-personnel expenditures related to the replacement of equipment to improve the Public's access to core services, information, records, and official documentation maintained by the Office of the City Clerk.

Office of the City Comptroller

Document Retention Software

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	1.00	1.00	1.00	1.00	1.00
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 59,438	$ 59,438	$ 59,438	$ 59,438	$ 59,438

Addition personnel and non-personnel expenses related to the retention of accounting records. As the current system nears capacity, the Office of the Comptroller and IT Department will need to identify a software solution for document retention of grant and bond documents, in addition to other accounting records.

Office of the City Treasurer

Revenue Auditor Positions & Associated Revenue

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	2.00	2.00	2.00	2.00	2.00
Revenue	$ 118,726	$ 118,726	$ 118,726	$ 118,726	$ 118,726
Expense	$ 151,326	$ 151,326	$ 151,326	$ 151,326	$ 151,326

This request includes the addition of revenue, personnel, and non-personnel expenses related to the increase in Transient Occupancy Tax and Tourism Marketing Districts revenue audits conducted. The addition of 2.0 FTEs has been requested in order to meet the audit cycle requirements associated with the increase in audit cases and is supported by reimbursable revenue.

Centralized Payment Processing Solution

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 100,000	$ 85,000	$ 100,000	$ 50,000	$ 50,000

This request includes the addition of non-personnel expenditures for the implementation and on-going maintenance of a centralized payment processing system. This concept will streamline the online payment process by consolidating multiple programs into one centralized system.

Document Management System

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 50,000	$ -	$ -	$ -

This request includes the addition of a one-time non-personnel expense for a document management system to replace the current legacy system. As part of the requirement of Charter Section 99, the system replacement falls in accordance to the IT Strategic Roadmap.

Development Services

Project Tracking System Replacement/Accela Software

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -

The expenses listed above represent the General Fund costs allocated to the Development Services Department for the replacement of the Project Tracking System with the new Accela software. The new system will track and manage Code Enforcement cases, as well as integrate the Department's information into the City's SAP system.

Economic Development

Small Business Enhancement Program (SBEP)

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000

Addition of expenditures related to the Small Business Enhancement Program (SBEP), which is a grant program intended to expand the economic opportunities for small business by supporting not-for-profit organizations that provide specialized services to small businesses Citywide. Funding for the program is based on number of small businesses registered with the City. Due to an increase in the number of small business registration, the Department has requested additional funding to provide increased grant opportunities. SBEP funds are leveraged by recipients to enhance small businesses services with the purpose of creating, growing, and retaining small businesses in San Diego.

Successor Agency

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	2.00	2.00	2.00	2.00	2.00
Revenue	$ 265,841	$ 265,841	$ 265,841	$ 265,841	$ 265,841
Expense	$ 265,841	$ 265,841	$ 265,841	$ 265,841	$ 265,841

This request includes the addition of revenue, personnel, and non-personnel expenses related to the dissolution of the Redevelopment Agency. As the City serves as the Successor Agency to the former Redevelopment Agency, additional personnel and associated non-personnel costs will be incurred for the purposes of completing the necessary actions in compliance with the dissolution laws.

Personnel

The Personnel Department has been working with all Operating Departments to streamline and identify efficiencies with the City's recruitment and hiring processes. This collaborative effort has resulted in reduced time to fill the many vacant positions Citywide. The addition of these minor resource allocations below will support these process improvement initiatives.

U.S. HealthWorks-New Employee Medical Examination

FTE/Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ -	$ 39,000	$ 51,687	$ 64,775

The following expenditures relate to the additional costs associated with the contract renewal with U.S. HealthWorks Medical Group. Currently, the City has a five year fixed rate contract with U.S. HealthWorks Medical Group from FY 2014 to FY 2018. However, due to increases in medical cost services, it is anticipated that service rates will increase when the contract is renewed.

NEOGOV and CritiCall Interface

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 25,000	$ -	$ -	$ -	$ -

This request includes the addition of a one-time expenditure for the integration of NEOGOV with the CritiCall Dispatcher testing software to allow for real time updates of test scores. This efficiency will reduce the time needed for manual data input into NEOGOV.

Planning

Support for a Citywide Parks Master Plan

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ 200,000	$ 200,000	$ 200,000	$ -	$ -

Addition of expenditures related to the development of the citywide Parks Master Plan (PMP). PMP entails a three year work program consisting of public outreach, preparing an implementation strategy, and conducting environmental review in order to identify high priority sites for park land acquisition, and development. The Parks Master Plan would help promote Safe and Livable Neighborhoods by advancing a plan to provide needed park facilities.

Support for the Climate Adaptation Plan

FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FTE	-	-	-	-	-
Revenue	$ -	$ -	$ -	$ -	$ -
Expense	$ -	$ 100,000	$ 150,000	$ 75,000	$ -

The following expenditures concern the planning and development of the Climate Adaptation Plan. As part of the City's Climate Action Plan, the Planning Department recommends the preparation of the Climate Adaptation Plan which will conduct assessments of environmental concerns and develop an implementation strategy. The purpose of the plan is to minimize anticipated climate change impacts, which includes potential impacts on existing and planned infrastructure.

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Reserves

The City's Reserve Policy (Council Policy 100-20), was last amended by the City Council in July 2014 to increase the reserve level in the General Fund and grow and maintain the Risk Management reserves to support the City's fiscal position and resilience. The Reserve Policy establishes reserve targets and funding schedules for all major funds to help withstand the economic impact of unanticipated events such as natural disasters or significant reductions in revenues. This section primarily focuses on the reserves of the General Fund, but also discusses the General Fund's contributions to the Public Liability Fund, Workers' Compensation Fund, and Long Term Disability Fund.

The City's General Fund Reserve is comprised of the Emergency Reserve and the Stability Reserve. The City's Reserve Policy requires that the Emergency Reserve and Stability Reserve equal 8.0 percent and 6.0 percent, respectively, of the most recent three-year average of annual audited General Fund revenues. Combined, the Emergency Reserve and Stability Reserve, result in a total General Fund Reserve target level of 14.0 percent of General fund operating revenues.

Based on the most recent three year average of un-audited actuals, the FY 2016 General Fund Reserve target of 14.0 percent is $158.6 million. At the time of release of this Outlook, the FY 2016 ending fund balance of the General Fund is projected to be $190.3 million or 16.8 percent of General Fund operating revenues, or 2.8 percent greater than the reserve target.

The following table displays a projection of the 14.0 percent General Fund Reserve target over the next five years based on using the revised three-year rolling average of each fiscal year's projected operating revenues as included in the FY 2017-2021 Outlook.

($ in millions)

GENERAL FUND RESERVES[1]	Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2021	
Projected General Fund Reserve	**$ 163.1**	**14.0%**	**$ 165.3**	**14.0%**	**$ 171.6**	**14.0%**	**$ 177.6**	**14.0%**	**$ 184.3**	**14.0%**
Emergency Reserve - 8.0%	$ 93.2	8.0%	$ 94.5	8.0%	$ 98.1	8.0%	$ 101.5	8.0%	$ 105.3	8.0%
Stability Reserve - 6.0%	$ 69.9	6.0%	$ 70.9	6.0%	$ 73.5	6.0%	$ 76.1	6.0%	$ 79.0	6.0%

1. Reserve percentage calculations based on projected operating revenues for previous three fiscal years (ie: FY 2017 percentages based on estimated FY14-16 operating)

With the General Fund Reserve target set at 14.0 percent of operating revenues, and as the operating revenue of the General Fund grows each fiscal year, the amount required to meet the reserve target also increases as shown in the table above. The FY 2017-2021 Outlook assumes the City will maintain General Fund Reserve targets in each fiscal year through the use of any budgetary savings or excess revenue, if available, or by appropriating contributions to the reserves through the annual budget development or budget monitoring processes.

Workers' Compensation Fund Reserve

The City works to build sufficient reserves to pay accrued and forecasted Workers' Compensation liabilities based on annual liability valuation reports prepared by an independent actuary. The average actuarial liability for the three most recent fiscal years is used to determine the Workers' Compensation reserve level target.

The City's workers' compensation liability is $229.1 million as of June 30, 2015. Using this latest valuation, the average value of the annual actuarial liability for FY 2013 through FY 2015 is $218.1 million. The City's Reserve Policy states that 25.0 percent of the average value of outstanding actuarial liability, or $54.5 million, shall be placed in reserves. As of June 30, 2015, the balance of the Workers' Compensation Reserve is approximately $48.4 million or 22.0 percent of the three year average. In order to maintain the 25.0 percent reserve target, an additional contribution of $6.1 million ($5.0 million General Fund) will be needed by the end of Fiscal Year 2016. An update to the reserve level will be provided during the Fiscal Year 2016 Mid-Year Budget Monitoring Report.

($ in millions)

Workers' Compensation Reserve	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Reserve Balance	$ 54.5	$ 57.0	$ 58.7	$ 60.1	$ 61.5
General Fund Contribution	$ 2.1	$ 1.4	$ 1.2	$ 1.2	$ 1.2
Citywide Contribution	$ 0.4	$ 0.3	$ 0.3	$ 0.3	$ 0.3
Ending Reserve Balance	**$ 57.0**	**$ 58.7**	**$ 60.1**	**$ 61.5**	**$ 63.0**
Ending Reserve Balance as Percent of Outstanding Liability	25.0%	25.0%	25.0%	25.0%	25.0%

As new actuarial valuations are completed, and the three year average liability changes, the workers' compensation reserve policy will be revised as required to adjust the policy target to maintain a 25.0 percent reserve.

Public Liability Fund Reserve

The City maintains the Reserve Policy goal of building sufficient reserves to pay outstanding and forecasted claim obligations. The City's Reserve Policy requires that the Public Liability Fund Reserve equal 50.0 percent of the value of the annual actuarial liability. The annual actuarial liability valuations for the three most recent fiscal years are used to determine the value of the public liability for the purpose of calculating the reserve level. Based on the FY 2013 through FY 2015 average value of the annual actuarial liability is $91.8 million.

Contributions to the Public Liability Fund reserve are solely funded by the General Fund. As of June 30, 2015, the balance of the Public Liability Fund Reserve was approximately $37.9 million or 40.0 percent of the average actuarial liability. The FY 2017-2021 Outlook includes General Fund contributions of $2.8 million in FY 2017, $3.7 million in FY 2018, and $2.8 million in FY 2019 to the Public Liability Reserve. These projected contributions are required to meet the reserve policy goal of 50.0 percent of the average value of the outstanding liability by FY 2020. Fiscal Years 2020-2021 are not projected to include a General Fund contribution to the Public Liability Reserve due to meeting the reserve targets in outlying fiscal years. The following table displays the contributions to Public Liability Reserve included in the FY 2017-2021 Outlook.

($ in millions)

Public Liability Reserve	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Reserve Balance	$ 36.7	$ 39.5	$ 43.2	$ 45.9	$ 45.9
General Fund Contribution	$ 2.8	$ 3.7	$ 2.8	$ -	$ -
Ending Reserve Balance	**$ 39.5**	**$ 43.2**	**$ 45.9**	**$ 45.9**	**$ 45.9**
Ending Reserve Balance as Percent of Outstanding Liability	43.0%	47.0%	50.0%	50.0%	50.0%

Long-Term Disability Fund Reserve

The Long Term Disability Fund reserve provides non-industrially disabled City employees with income and flexible benefits coverage. The Fiscal Year 2016 reserve target is $14.9 million or 100.0 percent of the average actuarial liability for the three most recent fiscal years. This reserve target has decreased by $3.4 million from the target included in the FY 2016 Adopted Budget as a result of incorporating the Fiscal Year 2015 actuarial valuation in the three year average value of the annual actuarial liability. As of June 30, 2015, the balance in the Long-Term Disability Fund Reserve was $18.4 million or 123.0 percent, of the three year average of the annual actuarial liability, exceeding the Fiscal Year 2016 Long-Term Disability Fund Reserve policy goal. As a result of the current Long-Term Disability reserve balance exceeding 100 percent, no contributions are projected for FY 2017-2021 Outlook.

($ in millions)

Long Term Disability Reserve	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Reserve Balance	$ 18.4	$ 18.4	$ 18.4	$ 18.4	$ 18.4
General Fund Contribution	$ -	$ -	$ -	$ -	$ -
Citywide Contribution	$ -	$ -	$ -	$ -	$ -
Ending Reserve Balance	**$ 18.4**	**$ 18.4**	**$ 18.4**	**$ 18.4**	**$ 18.4**
Ending Reserve Balance as Percent of Outstanding Liability	123.5%	123.5%	123.5%	123.5%	123.5%

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Conclusion

This Outlook focuses on four Priority Initiative categories which continue the commitment to allocating resources toward investments in infrastructure, neighborhoods, public safety, technology improvements, customer service, and open government while maintaining the City's responsible financial management practices. The Outlook outlines priorities, consistent with the City's Strategic Plan, and forecasts anticipated revenues and expenditures for the General Fund. It provides a comprehensive long-range analysis by incorporating economic assumptions, programmatic expenses, and accounts for newly prioritized or mandated expenditures. While the main focus of the Outlook is the priority initiatives, additional information on departmental requests not included in the Outlook are also included as an attachment. However, this document is not a budget, and therefore does not include all departmental requests that may be identified and considered in the preparation of the FY 2017 and future budgets.

Per the City Charter, the Mayor will present a balanced budget for the City Council's consideration in April 2016. This Outlook provides the City Council and the public information in advance to facilitate an informed discussion during development of the FY 2017 Adopted Budget regarding the allocation of limited resources to meet the service needs of the residents of San Diego.

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ATTACHMENT 1: FY 2017 - 2021 FIVE-YEAR FINANCIAL OUTLOOK
(in millions)

BASELINE PROJECTIONS

GENERAL FUND REVENUES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Property Taxes	$ 498.3	$ 523.1	$ 545.7	$ 566.8	$ 584.2
Sales Taxes	278.8	289.9	299.8	310.2	319.2
Transient Occupancy Tax	110.3	116.4	122.2	128.3	134.1
Franchise Fees	82.5	84.2	85.9	87.7	89.5
Property Transfer Tax	9.5	9.7	10.0	10.2	10.5
Licenses and Permits	24.7	25.3	25.9	26.6	27.3
Fines, Forfeitures and Penalties	29.8	30.0	30.1	30.3	30.4
Revenue from Money and Property	47.9	49.3	50.7	52.1	53.6
Revenue from Federal and Other Agencies	6.9	6.9	6.9	6.9	6.9
Charges for Services	126.5	130.4	137.2	142.1	149.1
Other Revenue	4.3	4.3	2.3	2.3	2.3
Transfers In	89.6	86.7	89.4	92.2	94.9
BASELINE GENERAL FUND REVENUES	**$ 1,309.1**	**$ 1,356.2**	**$ 1,406.0**	**$ 1,455.7**	**$ 1,501.9**

GENERAL FUND EXPENDITURES	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Salaries & Wages	$ 521.0	$ 521.8	$ 522.0	$ 523.0	$ 521.9
Multi-Year Employee Organization Agreements[1]	16.4	26.4	34.3	41.0	43.3
Retirement Actuarially Determined Contribution (ADC)[2]	182.7	179.4	174.4	170.6	167.6
Flexible Benefits	64.8	64.8	64.8	64.8	64.8
Other Post Employment Benefits (OPEB)	40.0	41.0	42.0	43.0	44.1
Workers' Compensation	23.1	23.0	23.3	23.8	24.4
Supplemental Pension Savings Plan (SPSP)	14.9	14.9	14.9	14.9	14.9
Other Fringe Benefits	24.3	24.3	24.3	24.3	24.3
Personnel Expenditures	**$ 887.2**	**$ 895.6**	**$ 900.0**	**$ 905.5**	**$ 905.4**
Supplies	$ 24.9	$ 25.8	$ 26.7	$ 27.6	$ 28.6
Contracts	217.3	223.3	230.8	238.9	246.9
Information Technology	27.0	27.0	27.0	27.0	27.0
Energy and Utilities	46.5	48.0	49.5	51.2	52.6
Public Liability Reserve Contribution	2.8	3.7	2.8	-	-
Other Expenditures	54.4	54.9	55.4	56.0	56.5
Non-Personnel Expenditures	**$ 372.8**	**$ 382.7**	**$ 392.2**	**$ 400.7**	**$ 411.6**
BASELINE GENERAL FUND EXPENDITURES	**$ 1,260.0**	**$ 1,278.4**	**$ 1,292.3**	**$ 1,306.2**	**$ 1,317.0**
BASELINE PROJECTED REVENUES IN EXCESS OF EXPENDITURES	**$ 49.1**	**$ 77.9**	**$ 113.8**	**$ 149.5**	**$ 184.9**

PRIORITY INITIATIVES

PRIORITY INITIATIVE CATEGORY	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Infrastructure and Neighborhood Investment					
Revenue	$ 1.3	$ 1.5	$ 0.9	$ 1.0	$ 1.0
Expenditures	$ 41.6	$ 53.6	$ 76.4	$ 86.8	$ 94.0
Public Safety					
Revenue	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2
Expenditures	$ 4.9	$ 13.4	$ 9.8	$ 14.6	$ 16.1
Technology Improvements					
Revenue	$ -	$ -	$ -	$ -	$ -
Expenditures	$ 3.0	$ 3.7	$ 2.5	$ 2.2	$ 1.9
Customer Service and Open Government					
Revenue	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4
Expenditures	$ 1.3	$ 1.4	$ 1.4	$ 1.1	$ 0.8
Revenues Total	**$ 2.0**	**$ 2.1**	**$ 1.5**	**$ 1.6**	**$ 1.6**
Expenditures Total	**$ 50.8**	**$ 72.1**	**$ 90.2**	**$ 104.7**	**$ 112.8**
NET PROJECTED REVENUES IN EXCESS OF EXPENDITURES	**$ 0.2**	**$ 7.9**	**$ 25.1**	**$ 46.4**	**$ 73.7**

1. Outlook includes non-pensionable and pensionable compensation adjustments based on multi-year employee organization agreements. FY 2017 and FY 2018 include non-pensionable compensation adjustments, while FY 2019 and FY 2020 include pensionable compensation adjustments of 3.3 percent. Lastly, FY 2021 includes an adjustment for holiday credit on day off for POA members.

2. Based on June 30, 2014 actuarial valuation, the Citywide FY 2017 Actuarially Determined Contribution (ADC) is projected to be $248.1 million, of which $182.7 million is the General Fund contribution.

* Numbers may not add to exact figures due to rounding.

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ATTACHMENT 2: FY 2016 ADOPTED BUDGET - ONE-TIME REVENUES AND EXPENDITURES

GENERAL FUND REVENUES

Other Revenue	**$**	**306,918**
Ambulance Fuel Reimbursements	$	306,918
Charges for Services	**$**	**5,862,825**
Transient Occupancy Tax General Fund Reimbursement	$	4,637,713
SAP Enterprise Asset Management Project Revenue	$	1,225,112
Transfers In	**$**	**12,826,506**
Replacement of Police Department Computer Aided Dispatch (CAD) System	$	5,145,132
Transfer of Fund Balance of from the Tobacco Settlement Revenue Fund	$	3,790,112
Transfer of Fund Balance from the Decentralization Fund	$	2,003,262
Addition of CNG Fueling Station	$	900,000
Transfer of Fund Balance from the Parking Garage Fund	$	668,000
Transfer of Revenue from the Environmental Growth Funds	$	300,000
Transfer of Fund Balance from the Antenna Lease Fund	$	20,000
REVENUES TOTAL	**$**	**18,996,249**

GENERAL FUND EXPENDITURES

Personnel Expenditures	**$**	**704,938**
Fire Academies	$	542,557
Advanced Lifeguard Academy	$	105,800
Additional of 2.00 FTE Program Manager and 1.00 FTE Program Coordinator	$	56,581
Supplies	**$**	**1,798,283**
Fire-Rescue Department - Personal Protective Equipment	$	632,200
Fire Academies	$	471,585
Repair of Playground Rubberized Surface and Playground Equipment	$	300,000
Non-Personnel Expenditures for Addition of Sworn Positions	$	217,248
Police Department - Safety Equipment	$	62,000
Police Department - Non-Personnel Expenditures for Addition of 22.00 FTE Civilian Positions	$	60,000
City Street Repairs	$	25,000
Non-Personnel Expenditures Associated with Various Positions	$	22,600
Advanced Lifeguard Academy	$	7,650
Contracts	**$**	**10,563,899**
Funding for Park Improvement Projects	$	2,000,000
Transfer to the Public Liability Fund for the De Anza Settlement	$	1,900,000
Election Funding	$	1,773,583
Facility Condition Assessment	$	1,100,000
Relocation and Tenant Improvements	$	1,000,000
Mission Dam Dredging	$	400,000
Storm Drain Channel Program	$	400,000
Kinder Morgan Litigation	$	365,000
Replacement of City Administration Building Carpet	$	363,000
Professional Services for Qualcomm Stadium Activities	$	250,000
Bacteria Studies for Total Maximum Daily Load	$	250,000
Transfer to Civic San Diego for Economic Development Activities	$	125,000
Consultants for Enhanced Infrastructure Financing Districts	$	100,000
Street Sweeping Enhancements	$	87,679
Resident Satisfaction Survey	$	80,000
Citywide Compensation Survey	$	80,000
Fire Academies	$	50,271
Connect2Careers Funding	$	50,000
Coastal Marine Life Management Plan	$	50,000
SDSU Research Study on Traffic Stops	$	50,000
Park de la Cruz Community Center	$	37,000
Enterprise Asset Management Project Training	$	36,966
City Street Repairs	$	15,400
Capital Expenditures	**$**	**4,157,774**
Street Sweeping Program and Enhancements	$	1,431,000
Non-Personnel Expenditures for Addition of Sworn Positions	$	872,950
Police Department - Non-Personnel Expenditures for Addition of 22.00 FTE Civilian Positions	$	342,000
Maintenance Program for BMP	$	331,000
Additional Tree Trimming Crew	$	326,000
Maintenance of Citywide Facilities	$	315,000
Fire-Rescue Department - Rescue Tools & Equipment	$	233,060
Non-Personnel Expenditures for Addition of Park Rangers	$	111,000
Sales Tax for Replacement of Barge in Mission Bay	$	60,000
Catch Basin Enhancements	$	56,000
Charles Lewis III Neighborhood Park	$	25,000
Wedgeforth Elementary Joint Use Facilities	$	17,480
Addition of Engineering Contracts	$	17,000
Park de la Cruz Community Center	$	12,000
Montgomery Academy Joint Use Facilities	$	5,520
University Village Park Tot Lot	$	2,764
Other Expenditures	**$**	**97,662**
San Diego Works Program	$	97,662

Transfers Out	**$**	**28,075,562**
Replacement of the Police Department Computer Aided Dispatch (CAD) System	$	5,145,132
Bayside Fire Station Capital Improvement Project	$	5,000,000
City Facilities Annual Allocation for various Capital Improvement Projects	$	3,564,086
Street and Sidewalk Repairs	$	3,697,504
Street Light Improvements	$	3,700,000
Park and Recreation Capital Improvement Projects	$	1,700,000
Market Street Sidewalks Capital Improvement Project	$	1,000,000
Clean Natural Gas Fueling Station	$	900,000
ADA related Capital Improvement Projects	$	865,000
NTC Bridge Capital Improvement Project	$	500,000
Catch Basin Cleaning Program	$	491,000
Pump Station Maintenance	$	250,000
Traffic Related Projects	$	206,000
Storm Drain Pipe Maintenance	$	200,000
Beyer Park General Development Plan	$	200,000
Addition of Engineering Contracts	$	157,680
Ward Canyon Park	$	100,000
Electrical Boxes on Meade Ave	$	91,000
Graffiti Crew	$	87,080
Commercial/Business Inspections	$	81,000
Storm Drain Pipe Maintenance	$	80,361
Bicycle Master Plan	$	59,719
EXPENDITURES TOTAL	**$**	**45,398,118**

Attachment 3: FY 2017-2021 Five Year Outlook
Not Included Operational and Capital Needs

Department/ Request Title	Description	FTE/ Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
City Auditor							
Independent Audit Staff	The Jefferson Wells report, presented and accepted at the March 24, 2008 Audit Committee Meeting, recommended the City have an Independent Audit function with 25 staff auditors.	FTE	-	2.00	2.00	2.00	2.00
		Expense	$ -	$ 258,575	$ 258,575	$ 258,575	$ 258,575
	Total Department FTE		**-**	**2.00**	**2.00**	**2.00**	**2.00**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ -**	**$ 258,575**	**$ 258,575**	**$ 258,575**	**$ 258,575**
Economic Development							
Global Trade Program	In order to move forward with a pilot Foreign Direct Invest plan, the addition of a Program Coordinator is requested.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 131,282	$ 131,282	$ 131,282	$ 131,282	$ 131,282
HUD Section 108 Loan Program	The following program requests funding to support federally-mandated Section 108 loan repayments for the Naval Training Center project. As a result of Senate Bill 107, this item will be submitted to the Department of Finance for approval on the upcoming Recognized Obligations Payment Schedule (ROPS).	Expense	$ 157,841	$ 502,734	$ 503,853	$ 502,571	$ 501,904
	Total Department FTE		**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 289,123**	**$ 634,016**	**$ 635,134**	**$ 633,853**	**$ 633,185**
Fire-Rescue							
Purchase of Third Helicopter	Request for a third helicopter to enhance the Fire-Rescue Department's ability to provide aerial fire suppression and rescue services.	Expense	$ 1,000,838	$ 1,000,838	$ 1,000,838	$ 1,000,838	$ 1,000,838
Brush Management Program	Addition of personnel and non-personnel expenses is needed to conduct brush inspection activities.	FTE	8.00	8.00	8.00	8.00	8.00
		Expense	$ 683,493	$ 483,493	$ 483,493	$ 483,493	$ 483,493
Elimination of Cross-Staffing for HAZMAT Unit	Request for additional personnel dedicated to the HAZMAT unit in order to increase efficiency and reduce out-of-service time resulting from cross-staffing.	FTE	12.00	12.00	12.00	12.00	12.00
		Expense	$ 1,213,427	$ 1,213,427	$ 1,213,427	$ 1,213,427	$ 1,213,427
	Total Department FTE		**20.00**	**20.00**	**20.00**	**20.00**	**20.00**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 2,897,759**	**$ 2,697,759**	**$ 2,697,759**	**$ 2,697,759**	**$ 2,697,759**
Library							
Radio Frequency Identification Conversion	The Department is requesting additional funding to continue the Radio Frequency Identification Conversion at all branch libraries in order to provide better automated services.	Expense	$ 477,500	$ 477,500	$ -	$ -	$ -
Expansion of Service Hours	Additional personnel is requested to support the expansion of service hours.	FTE	65.50	65.50	65.50	65.50	65.50
		Expense	$ 3,967,137	$ 3,967,137	$ 3,967,137	$ 3,967,137	$ 3,967,137
	Total Department FTE		**65.50**	**65.50**	**65.50**	**65.50**	**65.50**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 4,444,637**	**$ 4,444,637**	**$ 3,967,137**	**$ 3,967,137**	**$ 3,967,137**
Park & Recreation							
Brush Management	To ensure compliance with brush management regulations, additional personnel and non-personnel expenses are requested.	FTE	5.00	5.00	5.00	5.00	5.00
		Expense	$ 1,136,661	$ 1,090,045	$ 1,191,668	$ 1,298,372	$ 1,410,411
Drought Response: Turf Fertilization	Request for turf fertilization for athletic fields and joint use sites.	Expense	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Drought Response: Irrigation Upgrades	Requests for irrigation upgrades to improve turf and conserve water.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 80,345	$ 50,345	$ 80,345	$ 50,345	$ 80,345
Drought Response: Water Wise Plant Conversion	As part of the water conservation strategy, additional personnel and equipment are needed to convert 15 acres into drought tolerant acreage.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 422,704	$ 152,704	$ 152,704	$ 152,704	$ 152,704
Permit Center Public Information Clerk	Due to an increase in permit applications, additional personnel is requested to adequately process the volume of permits.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 43,797	$ 43,797	$ 43,797	$ 43,797	$ 43,797
GIS Specialist	In support of the City's Open Data Initiative, the	FTE	1.00	1.00	1.00	1.00	1.00

Department / Request Title	Description	FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Department requests additional personnel to update and manage the Park's information records.	Expense	$ 75,663	$ 75,663	$ 75,663	$ 75,663	$ 75,663
Expanded Hours at Recreation Centers	Additional personnel is requested to support the extension of service hours.	FTE	2.25	3.50	5.75	5.75	5.75
		Expense	$ 78,738	$ 122,482	$ 202,970	$ 202,970	$ 202,970
Restoration of Services	Request for additional personnel to restore maintenance services at various neighborhood parks.	FTE	8.00	8.00	8.00	8.00	8.00
		Expense	$ 396,119	$ 373,119	$ 373,119	$ 373,119	$ 373,119
	Total Department FTE		**19.25**	**20.50**	**22.75**	**22.75**	**22.75**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 2,434,028**	**$ 2,108,155**	**$ 2,320,266**	**$ 2,396,970**	**$ 2,539,009**
Police							
Addition of Sworn Positions and Equipment	Addition of non-personnel expenditures for the equipment and vehicles needed to sustain an increase in personnel.	Expense	$ 136,645	$ 136,645	$ 136,645	$ 136,645	$ 136,645
Addition of Civilian Positions and Equipment	Per the Police Department's Five-Year Plan, addition of civilian positions and associated non-personnel expenses for equipment.	FTE	5.00	5.00	5.00	5.00	5.00
		Expense	$ 421,741	$ 457,426	$ 493,111	$ 562,981	$ 564,481
Replace Equipment	Request to replace outdated equipment.	Expense	$ 750,000	$ 500,000	$ 500,000	$ 500,000	$ 50,000
Restoration of Air Borne Law Enforcement Hours	This request relates to the increase in fuel expenses required to restore ABLE hours.	Expense	$ 365,000	$ 370,000	$ 375,000	$ 380,000	$ 385,000
New Early Identification & Intervention System (EIIS)	The one-time expenditure is for the replacement of the Early Identification & Intervention System.	Expense	$ -	$ -	$ 1,000,000	$ -	$ -
CGI Upgrade	Request to replace the current CGI program.	Expense	$ 280,000	$ 280,000	$ -	$ -	$ -
Fiber Networking Project	Addition of non-personnel expense related to the expansion of fiber network bandwidth.	Expense	$ 322,000	$ 396,000	$ 802,000	$ 386,000	$ -
Ruggedized Laptops - RSVP	This one-time expenditure is related to the request for the purchase of ruggedized laptops for volunteers of the RSVP program.	Expense	$ 145,700	$ -	$ -	$ -	$ -
Windows 2012 Server Migration	As part of the Department of IT's roadmap for the City, non-personnel expense associated with server migration.	Expense	$ 100,000	$ -	$ -	$ -	$ -
Non-Ruggedized Laptops	Addition of non-personnel expense to replace non-ruggedized laptops.	Expense	$ 46,000	$ 46,000	$ 46,000	$ 46,000	$ 46,000
Increase for Photocopy Expense Budget	This request relates to the expenditure associated with photocopy expenses.	Expense	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Increase in Uniform Allowance Expense Budget	This request relates to the costs associated with the Uniform Allowance expense.	Expense	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Funding for Sgt./Lt. Promotional Exams	This request relates to the costs associated with providing the sergeant and lieutenant promotional exams.	Expense	$ -	$ 150,000	$ -	$ 150,000	$ -
Data Server Upgrades	Addition of non-personnel expenditures associated with server and storage upgrades.	Expense	$ -	$ 300,000	$ -	$ -	$ 300,000
NetRMS Implementation	One-time expenditure is associated with the migration from CRMS to Net RMS, a high performance records management system designed for the specific needs of law enforcement.	Expense	$ -	$ 450,000	$ -	$ -	$ -
NetRMS Maintenance	Following the implementation of Net RMS, additional costs will be incurred for the ongoing maintenance of the Net RMS system.	Expense	$ -	$ -	$ 150,000	$ 150,000	$ 150,000
Co-Gen CIP Project	This project will replace existing engines and system components necessary to provide the facility with more reliable power during emergency operation events.	Expense	$ 750,000	$ -	$ -	$ -	$ -
Police Range Refurbishment	One-time request for refurbishment of the Police range.	Expense	$ 7,000,000	$ -	$ -	$ -	$ -
Headquarters Flooring Maintenance	Addition of non-personnel expense to replace the flooring at the Police Headquarters.	Expense	$ -	$ 1,000,000	$ -	$ -	$ -

Department/ Request Title	Description	FTE/ Rev/Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Total Department FTE		**5.00**	**5.00**	**5.00**	**5.00**	**5.00**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 11,017,086**	**$ 4,786,071**	**$ 4,202,756**	**$ 3,011,626**	**$ 2,332,126**
Public Works - Contracts							
Addition of Contract Specialist Staff	In order to maintain adequate resources to support continued growth of the CIP Program, the Department is requesting additional personnel to support CIP related contracts.	FTE	1.00	1.00	2.00	2.00	2.00
		Revenue	$ 50,752	$ 50,752	$ 101,504	$ 101,504	$ 101,504
		Expense	$ 80,859	$ 80,859	$ 161,718	$ 161,718	$ 161,718
Addition of Technical Support Services	Request to replace the current information system and implement other electronic processing streamlining efforts.	Expense	$ 100,000	$ -	$ -	$ -	$ -
	Total Department FTE		**1.00**	**1.00**	**2.00**	**2.00**	**2.00**
	Total Department Revenue		**$ 50,752**	**$ 50,752**	**$ 101,504**	**$ 101,504**	**$ 101,504**
	Total Department Expense		**$ 180,859**	**$ 80,859**	**$ 161,718**	**$ 161,718**	**$ 161,718**
Public Works - General Services							
Evaluation of the City's Property Management Functions	This one-time expenditure relates to the evaluation of the City's property management functions and to develop a property management program.	Expense	100,000	-	-	-	-
	Total Department FTE		**-**	**-**	**-**	**-**	**-**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 100,000**	**$ -**	**$ -**	**$ -**	**$ -**
Transportation & Storm Water							
Street - Electronic Message Signs	Request to purchase five electronic message signs to communicate traffic and construction information to the public.	Expense	$ 100,000	$ -	$ -	$ -	$ -
Street - Operation & Maintenance-Traffic Group	In order to comply with the City's Standard for High Visibility Continental Crosswalks, the Department is requesting additional personnel and non-personnel expenditures for the installation and maintenance of crosswalks.	FTE	2.00	2.00	2.00	2.00	2.00
		Expense	$ 283,975	$ 154,096	$ 154,096	$ 154,096	$ 154,096
Street - Public Works Dispatch Support	Request for additional personnel to accommodate an increase in call volume at the dispatch center.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 50,160	$ 50,160	$ 50,160	$ 50,160	$ 50,160
Street - Tree Maintenance	Request relates to personnel and non-personnel expenditures to support the maintenance and removal of trees throughout the City.	FTE	2.00	2.00	2.00	2.00	2.00
		Expense	$ 254,325	$ 144,950	$ 144,950	$ 144,950	$ 144,950
Street - Safety Support	Request for additional personnel to provide support to injury prevention programs.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 81,098	$ 81,098	$ 81,098	$ 81,098	$ 81,098
Right-of-Way Coordination - IT Support	Transportation & Storm Water Department is projecting to add approximately 100 new positions over the next five years. The addition of 1.00 Information Systems Analyst is needed to ensure adequate levels of IT support for the Department.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 77,163	$ 77,163	$ 77,163	$ 77,163	$ 77,163
Transportation Engineering Operations - PRA Requests	In order to comply with the California Proposition 42, the Department is requesting additional personnel to aid in the processing of increased requests and reduce the response time.	FTE	1.00	1.00	1.00	1.00	1.00
		Expense	$ 45,297	$ 45,297	$ 45,297	$ 45,297	$ 45,297
Transportation Engineering Operations - Pedestrian and Bike Initiatives	As part of an initiative to adhere to the California Global Warming Solutions Act, the following is a request to fund the analysis of how the new infrastructure and policy changes are impacting commuter walking and bicycling opportunities.	Expense	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Storm Water - Flood Risk Management	Addition of non-personnel expenditures associated with the maintenance and repair of water pipes, as well as storm water infrastructure. This request includes the expenses for pipe replacements, vehicles, supplies, and equipment needed for flood reductions tasks.	Expense	$ 34,929,327	$ 30,704,809	$ 43,589,545	$ 48,060,301	$ 43,337,218

Attachment 3: FY 2017-2021 Five Year Outlook
Not Included Operational and Capital Needs

Department / Request Title	Description	FTE / Rev / Exp	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Storm Water - Water Quality Improvement Plan	The Water Quality Improvement Program (WQIP) includes projects that pertain to enhancing catch basin cleaning, outfall monitoring, managing street sweeps and developing new standards for compliance purposes.	Expense	$ 36,712,207	$ 46,858,035	$ 40,286,152	$ 41,361,865	$ 52,274,711
	Total Department FTE		**8.00**	**8.00**	**8.00**	**8.00**	**8.00**
	Total Department Revenue		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Total Department Expense		**$ 72,783,551**	**$ 78,365,607**	**$ 84,678,460**	**$ 90,224,929**	**$ 96,414,692**
	Grand Total General Fund FTE		**119.75**	**123.00**	**126.25**	**126.25**	**126.25**
	Grand Total General Fund Revenue		**$ 50,752**	**$ 50,752**	**$ 101,504**	**$ 101,504**	**$ 101,504**
	Grand Total General Fund Expense		**$ 94,147,044**	**$ 93,375,680**	**$ 98,921,807**	**$ 103,352,569**	**$ 109,004,203**